

# ***TONSA COMMERCIAL REI N.V.***

**Annual Report for the year ended 31 December 2023**

Rotterdam, 29 May 2024

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## STATEMENT

The Board of Directors of TONSA Commercial REI N.V. ("Company", "Guarantor") as the parent company for 100% subsidiaries, which are capital companies with their registered seats in Poland and constituting a capital group ("Group", "Guarantee Group"), declares that to the best of its knowledge:

- the annual consolidated financial statements and comparable data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner the financial position of the Group and its financial result,
- the Group Director's Report gives a true picture of the development and achievements as well as the situation of the Group, including a description of the basic threats and risks.

The Management Board of the Company also declares that it has appointed an audit firm to audit the annual consolidated financial statements in accordance with the applicable laws, regarding the appointment and procedure for appointment of an audit firm. In addition, the Board of Directors declares that the audit firm and members of the team performing the audit met the conditions for the preparation of an impartial and independent report on the audit of the annual consolidated financial statements, in accordance with applicable regulations, professional standards and professional ethics.

The Board of Directors,

M. Grabski

D. Luksenburg

M. Leininger

J. E. Missaar

**SELECTED FINANCIAL DATA FROM CONSOLIDATED FINANCIAL STATEMENTS OF  
TONSA COMMERCIAL REI N.V. GROUP  
FOR THE YEAR ENDED 31 DECEMBER 2023**

Selected financial data	in thousand PLN		in thousand EUR	
	2023	2022	2023	2022
Gross rental income	150 746	124 465	33 289	26 548
Net rental income	117 575	117 193	25 964	24 997
Net operating profit	9 501	199 430	2 098	42 538
Profit before taxation	5 565	164 943	1 229	35 182
Profit after taxation for the year	16 850	125 271	3 721	26 720

Selected financial data	in thousand PLN		in thousand EUR	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Total assets	2 688 616	2 747 700	618 357	585 876
Non-current assets	2 456 916	2 554 893	565 068	544 765
Current assets	231 701	192 806	53 289	41 111
Total liabilities	1 646 722	1 723 196	378 731	367 427
Non-current liabilities	1 321 101	1 436 601	303 841	306 318
Current liabilities	325 622	286 595	74 890	61 109
Total equity, including	1 041 894	1 024 504	239 626	218 449
Retained earnings	195 886	85 980	45 052	18 333

The conversion into PLN was made according to the average exchange rates set by the National Bank of Poland:

Balance sheet items were converted at the average exchange rate applicable on the last day of the relevant period:

- 31 December 2022 at the average exchange rate of 4,6899
- 31 December 2023 at the average exchange rate of 4,3480

Items from the profit and loss account were converted according to the exchange rates calculated as the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the financial period:

- for the period from 1 January until 31 December 2022 – 4,6833
- for the period from 1 January until 31 December 2023 – 4,5284

The Board of Directors,

M. Grabski

D. Luksenburg

M. Leininger

J. E. Missaar

**Directors' Report**  
**for to the year ended 31 December 2023**

## 1. GENERAL INFORMATION

### Company

TONSA Commercial REI N.V. (the “**Company**”) is a limited liability company, incorporated on 13 November 2018 by Tonsa SCA SICAF – RAIF (current name: TONSA SCA, SICAV RAIF), a company established in Luxembourg. It was registered with the trade register under number 73088870 and has its corporate seat in Rotterdam, the Netherlands and registered offices at Oslo 1, 2993LD Barendrecht.

### Board of (Supervisory) Directors

The members of the board of directors in 2023 were:

- Mr. Maciej Grabski – director A
- Mr. David Luksenburg – director B
- Mr. Markus Leininger – director B
- Mr. Jeroen Edwin Missaar – director B

The authority to represent the Company shall vest in managing director A acting jointly with a managing director B. In the event only one managing director is in office such member is authorised to represent the Company solely.

The Company has no Supervisory Board.

### Share Capital

As per 31 December 2023 the authorised share capital of the Company amounts to EUR 226.670.800 (two hundred twenty-six million six hundred seventy thousand eight hundred Euros), while the issued and paid up capital amounts to EUR 188.009.900 (one hundred eighty-eight million nine thousand nine hundred Euros). The issued share capital consists of 1.880.099 ordinary shares with a nominal value of EUR 100,00 each.

### Activities

The Company is a head of a Group involved in the construction, development and ownership of mainly office and residential/PRS buildings in Poland. The buildings jointly comprise the Olivia Centre complex, a commercial office park located in Gdańsk, Poland.

The Company remains a parent company for the wholly owned subsidiaries being capital companies based mainly in Poland with the purpose to own their shares to create a capital group (The Group).

The operating income of the Group include rental income, service charge fees, and property sales.

The portfolio of investment properties is located in the business centre of the Gdańsk Metropolitan Area in Poland and constitutes nearly 20% share in the office market in the region, with high level of commercialization – 92% among office buildings. The Group has a diversified tenant portfolio above 100 tenants, mainly international and domestic with a stable financial situation.

The Group has diversified sources of debt financing based on long-term contracts signed with various Polish and international financial institutions and debt securities issued by one of its subsidiaries, Olivia Fin Sp. z o.o. SKA (the “Issuer”).

### Group policies

The most important elements of the Group’s policies / strategy to date are:

- continue the growth of the Group’s main asset, the Olivia Centre, by increasing the number of lease agreements and further commercialize the buildings;
- prudently seeking for further opportunities in the commercial market, as well as entering the residential/PRS market on new plots and the Group’s land reserves and within the legal opportunities and market expectations;
- being a responsible investor and ensuring the synergy of three areas: environment, community and rational financing, which will allow the Group to create a multifunctional space, well integrated into the urban fabric, certified according to prestigious international classifications,

### Group / subsidiaries

As per 31 December 2023 the Company had the following (in)direct subsidiaries, most having their corporate seat in Gdansk, Poland (excepted Brillant 3756. GmbH with its seat in Berlin):

- “Olivia Gate” Spółka z ograniczoną odpowiedzialnością,
- “Olivia Point&Tower” Spółka z ograniczoną odpowiedzialnością,
- “Olivia 4” Spółka Akcyjna,
- “Olivia Star” Spółka Akcyjna,
- “J-Home” Spółka Akcyjna,

- “Olivia Seven” Spółka z ograniczoną odpowiedzialnością,
- “Olivia Prime B” Spółka z ograniczoną odpowiedzialnością,
- “Olivia Complex” Spółka z ograniczoną odpowiedzialnością,
- Olivia Fin Spółka z ograniczoną odpowiedzialnością,
- Olivia Fin Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna,
- Olivia Home Platynowa Park Spółka z ograniczoną odpowiedzialnością,
- TP3 Spółka z ograniczoną odpowiedzialnością,
- Brillant 3756. GmbH.

OBC Sp. z o.o. was merged with Olivia Complex Sp.z o.o. on 29 November 2023.

The financial statements for 2023 include the consolidated financial information of the Company and all its direct and indirect subsidiaries („the Group”).

### Shareholders

At the 1 January 2023 the Company has sole shareholder:

- TONSA SCA – SICAV – RAIF (previously: TONSA S.A. – SICAF – RAIF) with its corporate seat in Luxembourg, the Grand Duchy of Luxembourg, owner of 100% of the issued share capital.

As the Company doesn’t exceed thresholds, the structure regime (“structuurvennootschap”) isn’t applicable.

## 2. FINANCIAL INFORMATION

### Turnover and results

Below we provide an analysis of the Group result based on the consolidated statement of comprehensive income:

	2023	2022	Change
Gross rental income	33 289	26 548	25%
Service charge income	12 842	9 282	38%
Net property expenses	-20 167	-10 833	86%
<b>Net rental income</b>	<b>25 964</b>	<b>24 997</b>	<b>4%</b>
Net result on disposals	0	170	-100%
Revaluation of standing investments, net	-29 916	20 960	-243%
Revaluation of developments and land, net	7 772	-1 514	-613%
Other depreciation, amortisation and impairments	-55	6	-1017%
Administrative expenses	-1 667	-2 081	-20%
<b>Net operating profit</b>	<b>2 098</b>	<b>42 538</b>	<b>-95%</b>
Interest expenses, net	-15 807	-12 067	31%
Foreign currency differences	15 873	-4 244	-474%
Other financial result, net	-935	8 955	-110%
<b>Profit before taxation</b>	<b>1 229</b>	<b>35 182</b>	<b>-97%</b>
Taxation charge for the period	2 492	-8 462	-129%
<b>Profit after taxation for the year</b>	<b>3 721</b>	<b>26 720</b>	<b>-86%</b>
Exchange differences on translation of foreign operations	17 413	-3 808	-557%
<b>Other comprehensive income</b>	<b>21 134</b>	<b>22 912</b>	<b>-8%</b>

The gross rental income of the Group for the year 2023 was 25% higher, comparing to 2022. Net rental income of the Group for the year 2023 amounted to kEUR 25.964 and was 4% higher comparing to 2022 (kEUR 24.997). Increase of gross and net rental income was mainly caused by further commercialization of the Group’s buildings and rent indexation.

Net operating profit for 2023 amounted to kEUR 2.098 and was lower by 95%, comparing to 2022 (kEUR 42.538). Net operating profit was mainly affected by revaluation of the investments, excluding net rental income changes. The negative impact of valuation was caused by change in exchange rates of EUR to PLN (which is functional currency of Group entities. The value of buildings in EUR increased in comparison to previous year. Result from investment revaluation amounted to kEUR -22.145 in 2023, comparing to kEUR 19.446 in 2022.



For the year 2023 the Group had a net positive result of kEUR 3.721, comparing to kEUR 26.720 in 2022 (decrease by 86%). Except changes in net operating profit, the Group's decrease in net profit for the year was mainly affected by interest expenses, net (in 2023 loss of kEUR 15.807, comparing to loss of kEUR 12.067 in 2022) and foreign currency differences (in 2023 gain of kEUR 15.873, comparing to loss of kEUR 4.244 in 2022) and other financial result (in 2023 loss of kEUR 935, comparing to profit kEUR 8.955 in 2022).

### Financial Position

Below we provide an analysis of the Group's financial position based on the consolidated statement of financial position:

	31 December 2023	31 December 2022
<b>ASSETS</b>		
<b>Current assets</b>	<b>53 289</b>	<b>41 111</b>
Short-term receivables	20 042	17 357
Cash and cash equivalents	33 247	23 754
<b>Current liabilities</b>	<b>74 890</b>	<b>61 109</b>
<b>WORKING CAPITAL</b>	<b>-21 601</b>	<b>-19 998</b>
<b>ADJUSTED WORKING CAPITAL*</b>	<b>20 309</b>	<b>19 928</b>
<b>Non-current assets</b>		
Tangible Fixed Assets	523 499	501 867
Financial Fixed Assets	41 569	42 898
<b>TOTAL INVESTMENT</b>	<b>543 467</b>	<b>524 767</b>
<b>COVERED BY:</b>		
Equity	239 626	218 449
Non-current liabilities	303 841	306 318
<b>TOTAL FUNDING</b>	<b>543 467</b>	<b>524 767</b>

\* Adjusted working capital including the effect of extension of the loan in Olivia Point Tower (at the end of 2022 kEUR 39.926) in March 2023. In 2024, the Group intends to extend or refinance the loan in Olivia Seven, thus this liability will be a long-term liability until the end of 2024 (the value of the loan at the end of 2023 is kEUR 41.910).

Working capital shows how many current assets are financed with long-term capital. Positive working capital confirms security in liquidity. The Group's goal in managing working capital is to maintain a balance between the Group's security in terms of its liquidity and the profitability of its operations.

The Group has diversified sources of debt financing, obtained through long-term loan agreements concluded with various Polish and international financial institutions and debt securities issued by one of its subsidiaries, Olivia Fin Sp. z o.o. SKA (the "Issuer"). The Issuer issued bonds through Noble Securities SA and Michael / Strom Dom Maklerski S.A and for the funds obtained took up bonds or granted loans to special purpose vehicles executing projects, contributing to the further development of Olivia Centre in Gdańsk - the largest business centre among regional cities in Poland. Most of the funds obtained from the bond issue were engaged in projects belonging to the Group. All active series have been guaranteed by TONSA Commercial REI N.V. The remaining part of the funds was kept on the Issuer's account or was allocated to the implementation of housing projects or involved in other projects, the beneficiary of which was and remains Mr. Maciej Grabski.

The main component of short-term liabilities as at 31 December 2023 is a loan for the Olivia Seven building which the Group plan to extend in fourth quarter of 2024 and G,H,I,J series (PLN 65,9 million) of bonds in Olivia Fin Sp.z o.o. S.K.A PLN 52,93 million was early repaid after the balance sheet date before the approval of this report.

The main component of short-term liabilities as at 31 December 2022 is a loan for the Point & Tower project - in March 2023, the Group extended the loan agreement, thus this obligation will be a non-current liability. The extension will last till 2025 with further extension option till the end of 2027.

In February 2023, the Group converted the loan agreement in Olivia Prime B from PLN to EUR, thus financial costs will be significantly lower.

The bank loan in Olivia Star, the repayment date of which was January 2024, was extended in December 2023. During the first quarter of 2024, the Company increased financing by EUR 8.6 million. In April 2024, the Company received confirmation from the

financing banks (Santander Bank Polska SA, BNP Paribas Bank Polska SA and Bank Millennium SA) that the financing granted meets international Loan Market Association (LMA) requirements in the field of sustainable financing for green projects.

In all the above cases, the SPVs hedged the interest rate risk through IRS transactions appropriately for 70%;75%;95% of the loan amount, respectively.

In 2023, the negative working capital increased slightly compared to 2022 by 9%, Adjusted working capital including extension or refinancing of the loan in Olivia Seven would have been positive in the amount of kEUR 20.310.

Tangible fixed assets are the main part of non-current assets. There are mainly completed and commercialized real estate owned by the Group. In 2023, tangible fixed assets increased by 4% due to the increase in the value of buildings. In 2023, financial fixed assets decreased by 2% and it is related mainly to the valuation of financial derivative instruments.

### Solvency and liquidity

The solvency ratio is a key metric used to measure an enterprise's ability to meet its debt and other obligations. The liquidity indicates the extent to which the Group is able to settle its obligations in the short term.

Bank loans are monitored based on various indicators (bank covenants). Investment loans are monitored by debt service coverage ratio (DSCR) and loan to value ratio (LTV), construction loans are monitored by interest service coverage ratio (ISCR) and loan to cost ratio (LTC). All covenants at the end of 2023 were at a safe level and there were no breaches. Details regarding bank covenants in particular entities are described in note 23 of the consolidated financial statements.

The most common ratios are presented below:

<b>Solvency</b>	<b>2023</b>	<b>2022</b>
Long-term Debt to Equity Ratio <i>Long Term Debt/ Total Equity</i>	1,27	1,40
Total Debt to Equity <i>Total Debt/ Total Equity</i>	1,58	1,68
Debt Ratio <i>Total Debt/ Total Assets</i>	0,61	0,63
Financial Leverage <i>Total Assets/ Total Equity</i>	2,58	2,68
Solvency Ratio <i>(Total liabilities + guarantees and sureties granted (excluding sureties granted to secure any bonds issued by the Issuer) - cash and cash equivalents) / Total Assets</i>	0,56	0,59
<b>Liquidity</b>	<b>2023</b>	<b>2022</b>
Cash ratio <i>Cash / Current liabilities</i>	0,44	0,39

Solvency and liquidity ratio's improved in 2023.

### Cash flows

Total cash flows are presented below:

	<b>2023</b>	<b>2022</b>
Net cash flow from operating activities	31 715	21 885
Net cash flow from investing activities	-7 136	-10 651
Net cash flow from financing activities	-15 086	-13 586
<b>Net change in cash and cash equivalents</b>	<b>9 493</b>	<b>-2 352</b>

In 2023, the Group had higher total cash flows, comparing to 2022. Net cash flow from operating activities increased by kEUR 9.830, mainly due to better results and changes in working capital. Net cash flows from investing activities are higher in 2023 in comparison to 2022 by kEUR 3.515, due to lower expenditures on investments. The cash flows from financing activities are negative what is mainly related to interest payments on liabilities

### Developments in the financial year of important matters

All significant lease agreements due in 2024 were extended during 2023 in individual special purpose vehicles.

**“Olivia Gate” Spółka z ograniczoną odpowiedzialnością with seat in Gdańsk, Poland**

The building owned by the company named “Olivia Gate” remained leased in 95%.

There were no significant events that influenced the activity of this company and its financial condition in 2023.

**“Olivia Point&Tower” Spółka z ograniczoną odpowiedzialnością with seat in Gdańsk, Poland**

The building owned by the company named “Olivia Point&Tower” remained leased in 91%.

According to the Group's strategy, in 2023 the bank loan in this SPV was extended (the bank loan was increased in 2022).

There were no significant events that influenced the activity of this company and its financial condition in 2023.

**“Olivia 4” Spółka Akcyjna with seat in Gdańsk, Poland**

The building owned by the company named “Olivia Four” remained leased in 88%.

There were no significant events that influenced the activity of this company and its financial condition in 2023.

**“Olivia Star” Spółka Akcyjna with seat in Gdańsk, Poland**

The building owned by the company named “Olivia Star” remained leased in 97%.

According to the Group's strategy, in 2023 the bank loan in this SPV was extended (the bank loan was increased in Q1 2024).

There were no significant events that influenced the activity of this company and its financial condition in 2023.

**“J-Home” Spółka Akcyjna with seat in Gdańsk, Poland**

The building owned by the company named “Olivia Six” remained leased in 93%.

There were no significant events that influenced the activity of this company and its financial condition in 2023.

**“Olivia Seven” Spółka z ograniczoną odpowiedzialnością with seat in Gdańsk, Poland**

The building owned by the company named “Olivia Prime A” remained leased in 88%.

There were no significant events that influenced the activity of this company and its financial condition in 2023.

**“Olivia Prime B” Spółka z ograniczoną odpowiedzialnością with seat in Gdańsk, Poland**

The building owned by the company named “Olivia Prime B” remained in the final phase of the first commercialization (the building was leased in 84% at year-end).

In 2023 the bank loan was converted into EUR.

There were no significant events that influenced the activity of this company and its financial condition in 2023.

**„Olivia Complex” Spółka z ograniczoną odpowiedzialnością with seat in Gdańsk, Poland**

In 2020 the company received a permit to build the Olivia Nine building, the implementation of which depends on the market situation.

In 2023 the company has obtained new building permit on the remaining lands (PRS buildings – Olivia 10, 11, 12A and 12B).

In 2023 the company was in the process of designing buildings and adapting obtained permits to current market conditions and business intentions of a Group. Currently, in the first half of 2024 the company has started the construction of the first investment, Olivia 10,

In 2023 there was a merger Olivia Complex Sp.z o.o. with OBC Sp.z o.o. (acquired company).

**Olivia Fin Spółka z ograniczoną odpowiedzialnością (previously: “Olivia Nine” Spółka z ograniczoną odpowiedzialnością) with seat in Gdańsk, Poland**

There were no significant events that influenced the activity of this company and its financial condition in 2023.

**Olivia Fin Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna with seat in Gdańsk, Poland**

The entity (all 100% of its shares) was acquired by the Company on 29 December 2021 and on the same date Olivia Fin Sp. z o.o. acquired all rights and obligations of the unlimited partner of this entity.

In March 2023, a decision was made to start the 3rd Bond Issue Program up to PLN 150 million by the end of 2024. The day of the first new public issue of up to PLN 11.5 million was take place in April, 2023. These offered bonds are also traded on Catalyst. The funds obtained from 3rd Bond Issue Program, after deducting the costs of the issue, will be used by the Issuer directly or indirectly for the development of the Olivia Centre, including financing part of the construction costs of subsequent investments implemented

within the OBC Group or to refinance the existing financial debt (in whole or in part) or to finance new residential projects implemented within the Group. Currently, PLN 83,5 million has been obtained – the last issue in 08.2023 (Y23).

Moreover, the Issuer issued two series of bonds in EUR for a total amount of EUR 9.5 million (mEUR 2,5 in 2023 - Z23 and mEUR 7 – A24).

From January 1, 2023, 5 repayments of bonds were made (in total 86 989 000 PLN- series E,F in 2023 and G,H,J in 2024). Bonds maturing in 2024 have been repaid or will be repaid soon (The group has secured funds for this purpose).

In November 2022, the company received the consent resolution of the Warsaw Stock Exchange for the introduction to the alternative trading system on Catalyst series L bonds issued in 2021 for the total amount of PLN 25 million. The company debuted on Catalyst in the first quarter of 2023. The Issuer introduced all other bond issues on Catalyst for which it committed to do so under the terms of the bond issue (13 series - the total value 173,5 M PLN and 9,5 M EUR).

In December 2023 Issuer (Olivia Fin Sp. z o.o. SKA) adopted resolution to establish the 4th Bond Issue Program, under which the company will be entitled to issue, in one or more series, bonds with a total nominal value of issued and unredeemed bonds not higher than PLN 150 million or the equivalent of this amount in EUR. On December 21, 2023, the company submitted an application to the Polish Financial Supervision Authority for approval of the Prospectus. The 4<sup>th</sup> Bond Issue Program will be valid within 12 months from the approval of the prospectus by the Polish Financial Supervision Authority

There were no other significant events that influenced the activity of this company and its financial condition in 2023.

#### **TP3 Spółka z ograniczoną odpowiedzialnością with seat in Gdańsk, Poland**

In 2023 the Company sold to an unrelated entity land acquired in 2021.

There were no significant events that influenced the activity of this company and its financial condition in 2023.

#### **Olivia Home Platynowa Park Spółka z ograniczoną with seat in Gdańsk, Poland**

In 2022, the company obtained a building permit and started the construction of two residential buildings with apartments for sale. In June 2022, the company started sales, at the beginning of 2024 the sale has been completed.

In 2023, the company obtained an use permit. In November and December 2023 first issuance of premises took place. The investment is in the final stage of sale.

There were no other significant events that influenced the activity of this company and its financial condition in 2023.

#### **Brillant 3756. GmbH with seat in Berlin, Germany**

During 2023 the entity was set under liquidation process.

#### **OBC Spółka z ograniczoną odpowiedzialnością with seat in Gdańsk, Poland**

On 29 November 2023 the Entity was merged with Olivia Complex Sp.z o.o.

### **3. EXPECTED STATE OF AFFAIRS**

#### **Investments**

The Group has obtained new building permit on the all remaining lands (PRS buildings – Olivia 10, 11, 12A and 12B).

In 2023 the Group was in the process of designing PRS buildings and adapting obtained permits to current market conditions and business intentions of a Group. In the first half of 2024 the company has started the construction of the first investment, Olivia 10,

In 2023, the Group obtained an use permit for the Platynowa Park residential building -the first residential investment within the group. In November and December 2023 first issuance of premises took place. At the beginning of 2024 the sale has been completed.

In 2024, the Group intends to:

- start the construction of the first PRS Olivia 10 building with over 250 apartments,
- obtain a BREEAM final certificate for the Olivia Prime building with a rating of at least Excellent in the full version taking into account the arrangement of the lease space (Fully Fitted). The certificate will confirm the successful implementation of best practices affecting energy efficiency throughout the building's life cycle, which translates into its relatively low operational carbon footprint,
- achieve an average commercialization level of at least 92% at the end of 2024,
- complete the sale of apartments in the Group's first residential investment;
- renew the "WELL Health and Safety Rating" certification;
- obtain the first green credit financing for an office project.

## Financing

The Group intends to base external financing with debt financing. The Group will take measures to extend the periods of loan agreements and if the loan value is significantly lower than the market level, the Group will increase the level of financing. Cash obtained as a result of the increase in loans will be allocated primarily to the further development of Olivia Centre on the residential and office market and repayment of bonds and loans. According to the Group's strategy, in 2023 The Group extend bank loan for "Olivia Point&Tower" for next 3 years with an option for next 2 years, changed the bank loan currency from PLN to EUR in Olivia Prime B and extend bank loan for "Olivia Star" for next 3 years with an option for next 3 years. In 2024, the Group plans to extend or refinance the current loan in Olivia Seven Sp. z o. o. (Prime A building), which was disclosed as a short-term liability at the end of 2023. And also obtain bank loan for the development of the new investment - Olivia 10.

## Staffing

The Group has overall 31 employees in 2023 (9 employees in 2022). Special purpose vehicles which are office buildings owners have significant restrictions on the employment of employees imposed by the banks financing the companies. It does not expect any significant changes in employment.

### **Circumstances on which the development of turnover and profitability depend.**

In the opinion of the Management Board, the continued operation of the Group is not threatened. The Group has high cash surplus and a good financing structure in which the majority of debt is long-term debt. The value of real estate for rent is influenced by market conditions that may deteriorate, such as a decrease in demand for rental space, lower profitability of lease contracts, or an increase in the supply of competitive space for rent. A change in the amount of funds from renting space may translate into a decline in capitalization rates in a given sector and, consequently, in a decline in the value of real estate in subsequent valuations and creates a risk to the Group's liquidity. Interest rates also influence the capitalization rate. Increase in the expected real estate capitalization rates, for example as a result of a change in the level of the risk-free rate. The fluctuations in capitalization rates may occur periodically or persist for a longer period of time due to their dependence on macroeconomic factors.

The impact of Covid-19 and war in Ukraine on the Group has been described in chapter 12.

## 4. RISKS AND UNCERTAINTIES

### Strategy

The Group has a long-term investment strategy for its real estate investments and monitors the risks associated with its investment policy. Control measures have been implemented with regard to this policy and the monitoring of the ensuing results and effects. A system safeguarding the policy, guidelines, reporting systems and segregation of duties has been set up and put into operation in order to execute these control measures. The organisational structure and corporate strategy are focused on maximising shareholder returns with a conservative risk appetite.

The results of the Company and its direct and indirect subsidiaries are closely connected with the situation on the Polish real estate market, mainly the market for office space. The achievement of strategic goals of the Group is influenced by macroeconomic factors which remains totally independent from the Company, its subsidiaries and Group companies and their actions and reactions. Results of the Group depend on factors such as pace of economic growth, total level of entrepreneurs' investments, rate of inflation and level of unemployment.

Management board of the Company remains conscious of the abovementioned risks and in order to limit them, it takes up actions aiming to adjust the development strategy of the Company and Group to occurring changes.

However unforeseen situations and emergencies like terroristic attacks or extraordinary actions of nature may cause adverse change in economic conjuncture, what may negatively affects the activity of the Company, its subsidiaries and Group companies.

### **Risk acceptance and risk appetite**

In general, the total risk appetite of the Group is low to medium, in line with the company's objective to generate consistent long-term results for its shareholders and other stakeholders such as banks and other financial institutions, private investors, tenants, suppliers and employees.

### **Strategic and business risk**

The Group pursues focus and growth (in defined locations) with a well-defined portfolio strategy by applying clear acquisition and divestment criteria. The Group is prepared to take risk inherent in the chosen strategy in a responsible way and in line with the interests of its stakeholders.

### Macro-economic environment

Economic and political uncertainty could lead to a reduction in tenant demand, impacting property valuations, and could result in a reduction in activity in the transaction market, impacting our ability to acquire, sell or develop assets.

The Group invests only in Poland, which historically has been politically and economically stable, and within Poland the Group invests in Gdansk, which is seen as robust in terms in economic outlook and tenant demand and generally have the good level of transparency and liquidity in the transaction market.

#### Market value of properties / valuation

The market value of properties is fundamental to an asset rich business, in particular in the calculation of NAV. There is an inherent risk that the properties in the portfolio are incorrectly valued, which may result in misstated indirect results, reputational damage and the potential for claims due to false expectations being generated among stakeholders.

The Group's property portfolio is externally appraised each year in line with the valuation standards. The Group uses only a select number of reputable valuers to appraise its assets. The Group ensures it has its internal asset data information up to date so that all the relevant data is available to support the valuation process.

#### Structural changes in demand for office space

Businesses are increasingly seeing the workplace environment as key to attracting and retaining talent. Working arrangements are therefore changing rapidly, with businesses requiring more flexibly and more services, driven by technological change, automation, changing lifestyles, and to a lesser extent cost efficiency. Furthermore, continued urbanisation will see future tenant demand structurally concentrate in fewer locations. Not being able to meet future tenant demand may result in structurally high vacancy levels, resulting in lower financial results and lower valuations of properties.

The group is constantly evaluating whether its properties meet the need of (potential) tenants and whether changes in tenants requirements are foreseen, so that it can effectively respond to market changes and add value to its office buildings. The Group is focusing on high-quality properties near transport hubs in selective economic growth locations. The Group also responds to the need for flexibility and services. In order to retain customers and accommodate future customer demand, the Group is constantly looking to improve its service levels.

#### Changes in prices of residential units sold

The Group will be dependent on the prices of the units sold, over which it has no direct influence. The current demand for housing and the level of prices are mainly influenced by the level of affluence of society, the availability of credit (including: interest rates and credit margins) and the actions of competitors. An unfavourable change in the factors shaping the demand for and price of housing can have a negative impact on the Group's operations, development prospects, financial position or results.

The Group intends to implement residential projects in market segments that are least exposed to this type of risk. The scale of projects will be adapted to the current market situation.

#### The creditworthiness of purchasers of residential units

The Group operate in the residential market, where units are also to be sold to residential customers. Demand in this market depends in particular on the availability of housing loans for purchasers of residential units and the ability to service them. A possible decrease in the availability of such loans, as well as a deterioration in the creditworthiness of potential purchasers of residential units, may adversely affect the Group's revenue volume. In addition, changes in regulatory policies triggering an impact on banks' assessment of creditworthiness and banks' policies in this respect may result in a decrease in the demand for new residential units and thus may have a negative impact on the Group's business, development prospects, financial condition or results of operations.

The Group implements residential projects whose clients are mainly people who do not need credit support. When the customer uses bank financing, the payment schedule is each time adapted to the terms of the loan agreement.

#### Competition

By focusing on selective high-demand economic growth markets there is a risk that other investors see the same attractiveness of these locations and that competition for assets can be fierce.

The Group has built up an extensive local network in the industry to be able to identify and respond to market opportunities effectively.

#### Sustainability

A focus on sustainability is increasingly seen as a "licence to operate, a precondition for our business model. As an organisation we need to be able to anticipate and respond to changing needs of our customers, communities, partners and employees with regard to sustainability. The risk of not being able to respond to these changing needs may affect attractiveness of our properties to tenants, as well as the ability to attract new employees and the attractiveness of the Group's shares to (potential) shareholders and could result in reputational damage.

Sustainability is an integral part of the Group's long term value creation strategy. Our business model is geared towards minimising our carbon footprint, offering and developing future-proof buildings and create healthy, inspiring and flexible working environments for our clients and our employees. The Group is continuously checking the status of its current property portfolio with respect to (new) codes and rules in the field of sustainability.

Information security / cyber threat

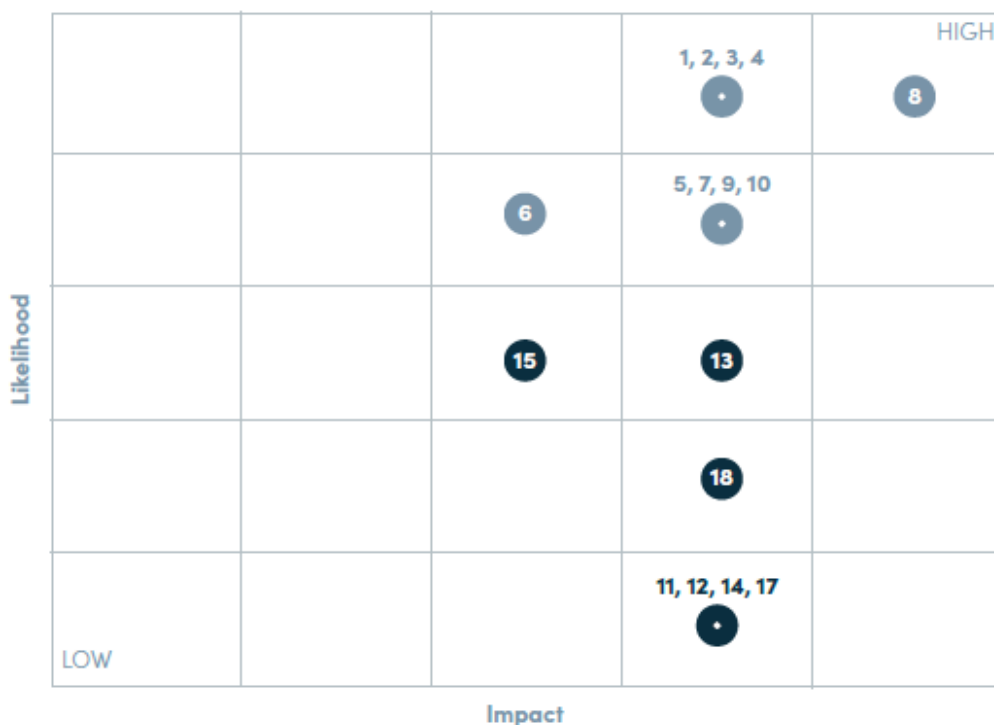
Professionally managing and controlling risks associated with safeguarding the continuity, availability, functioning and security (including compliance with prevailing privacy legislation) of the internal IT infrastructure and applications is of vital importance.

The Group invests in further digitising its corporate processes, focusing extensively on transparency and the security of its data and other information, and is advised by external parties in this. Professionally managing and controlling risks associated with safeguarding the continuity, availability, functioning and information security of the internal IT infrastructure and applications is of vital importance to the Group. Internal processes and procedures have been set up, which are firstly aimed at preventing calamities. Regular checks of the processes and procedures by internal and external experts ensure constant improvement and reduce the probability of calamities. In the unlikely event of a calamity, there are procedures in place outlining regularly tested fallback and recovery scenarios, minimising the impact.

Climate risk

Climate change affects our operations not only in the medium and long term. Their impact is felt today and that is why it is so important to effectively analyse the opportunities and threats resulting from climate change.

The matrix below presents the key climate risks that may significantly affect the Group:



The table presented on the next page shows the critical climate risks that could significantly affect us – either threatening our business or giving us an opportunity to grow. We have conducted the analysis over three time horizons – short-term (to 2025), medium-term (to 2030) and long-term (to 2050). Following the recommendations of the TCFD, we considered two scenarios:

- temperature increase of 3.5°C and more (IPCC SSP3-7.0 scenario),
- limitation of average temperature increase below 1.5°C (IPCC SSP1-1.9 scenario).

TCFD category	Identification of the risk factor	Risk				
		2025	2030	2050 <1,5°C <3,5°C		
Transition risks	Policy and Legal	●●●●●	—	—	↓	
	Technology	●●●●●	—	—	—	
	Market	Higher expectations of financial institutions and insurers	●●●●●	↗	↗	↓
		Higher expectations of Residents and investors	●●●●●	↗	—	↓
		Higher demands on suppliers	●●●●●	—	—	↓
		Higher employee expectations	●●●●●	—	↑	↑
		Limited availability of raw materials	●●●●●	—	—	↑
	Reputation	Restrictions on the supply of utilities	●●●●●	↘	↓	—
		Stigmatization of the sector	●●●●●	—	—	↓
	Zagrożenia fizyczne	Extreme weather events	Greater stakeholder concern	●●●●●	—	↘
Cyclones			●●●●●	↗	↑	↑
Earthquake			●●●●●	—	—	—
Heat waves			●●●●●	—	↗	↑
Chronic weather events		Floods	●●●●●	—	↗	↑
		Variability of weather patterns	●●●●●	—	↗	↑
		Rising mean temperatures	●●●●●	—	—	—
		Rising sea levels	●●●●●	—	↗	↑
Air pollution	●●●●●	↗	↗	↑		

●●●●● High risk    ●●●●● Low risk   
 ↑ Strong increase    ↗ Increase    — No change    ↘ Decrease    ↓ Strong decrease



In accordance with the TCFD (Task Force on Climate-related Financial Disclosures) recommendation, we considered two types of risks:

- physical, which are directly related to weather conditions;
- transformational, which result from the process of transition to a low- and zero-emission economy.

In the short and medium term, the Group will be primarily affected by the risks related to the transformation of the economy. Particularly important are those relating to the extension of obligations related to broadly understood care for the environment, society and corporate governance, as well as the expectations of financial institutions and insurers in relation to meeting the increasingly stringent climate requirements. Restrictions related to utilities supplies are also important. In the long term, rising average temperatures and cyclones, i.e. physical risks resulting from climate change, may be of greatest importance to the Group.

We know that the above risks may potentially result in increased operating and investment costs, reduced revenues and our efficiency, limited availability of capital or impairment of assets. However, we can manage them properly and maximize the resulting opportunities, which include, among others:

- market leader status,
- increasing demand,
- increasing competitiveness,
- increasing revenues,
- increase in the value of assets,
- better availability of capital and its lower cost,
- lower insurance costs.

In response to the identified risk factors, we have defined and implemented appropriate management methods, which are listed in the table below.

Ways of managing climate risks by the Group

Type of risk and TCFD subcategory		Identification of the risk factor	Risk management methods
Transition Risk	Politics and law	<p><b>Extended ESG obligations</b></p> <p><b>New regulations</b></p>	<ul style="list-style-type: none"> <li>• Annual publication of the ESG report using global standards (like GRI, TCFD).</li> <li>• Internal ESG audits using global standards (e.g. CRREM).</li> <li>• Annual audit and calculation of the carbon footprint based on the GHG Protocol.</li> <li>• Introducing improvements to improve ESG indicators (e.g. use of low-emission energy sources, use of new solutions in the field of circular economy, modernization of buildings towards zero-emission and circular economy).</li> <li>• Implement ESG strategy (e.g. decarbonisation) and ESG policies (e.g. Code of Conduct).</li> <li>• Use external certifications and consultations with experts in the field of ESG.</li> <li>• Monitoring of the legislative process concerning ESG reporting.</li> <li>• Participated in ESG trainings and conferences.</li> </ul>
	Technology	<b>Development of sustainable technology</b>	<ul style="list-style-type: none"> <li>• Modernization of the building towards zero-emission and circular economy.</li> <li>• Using innovative, sustainable solutions.</li> <li>• Use of external certifications and consultations with experts in the field.</li> </ul>
	Economy	<b>Higher expectations of financial institutions and insurers</b>	<ul style="list-style-type: none"> <li>• Annual publication of the ESG report in accordance with global standards.</li> <li>• Internal ESG audits using global standards guidelines.</li> <li>• The use of low-emission energy sources.</li> <li>• Use of external certifications and consultations with experts in the field of ESG.</li> </ul>

Type of risk and TCFD subcategory	Identification of the risk factor	Risk management methods		
	<b>Higher customer expectations</b>	<ul style="list-style-type: none"> <li>Annual publication of the ESG report in accordance with global standards (like GRI).</li> <li>Internal ESG audits using global standards guidelines.</li> <li>Making improvements to improve ESG performance.</li> <li>Use external certifications and consultations with experts in the field.</li> <li>Flexibility in use of land, building, space and service offerings.</li> </ul>		
	<b>Higher demands from suppliers</b>	<ul style="list-style-type: none"> <li>Gradual introduction of ESG requirements in the course of cooperation with suppliers.</li> <li>Diversification in a supply chain.</li> </ul>		
	<b>Limited availability of raw materials</b>	<ul style="list-style-type: none"> <li>Diversification in a supply chain.</li> <li>Ensuring carefully planned stocks.</li> </ul>		
	<b>Restrictions on the supply of utilities</b>	<ul style="list-style-type: none"> <li>Diversification of the power supply of buildings.</li> <li>Decentralisation of utilities sources.</li> <li>Contacts and other activities protecting against restrictions on the supply of media.</li> </ul>		
	PR	<b>Stigma of the sector</b>	<ul style="list-style-type: none"> <li>Annual publication of the ESG report in accordance with global standards (like GRI) based on the analysis of the importance of sustainability issues and the perspective of stakeholders.</li> <li>Use of external certifications and consultations with experts in the field of ESG.</li> </ul>	
		<b>Greater stakeholder concern</b>	<ul style="list-style-type: none"> <li>Stakeholders Opinion Survey.</li> <li>Regular actions aimed at mitigating negative impacts.</li> <li>Annual publication of the ESG report in accordance with global standards (like GRI) based on the analysis of the importance of sustainability issues and the perspective of stakeholders.</li> <li>Use external certifications and consultations with experts in the field of ESG.</li> </ul>	
	Physical Risks	Extreme weather events	<b>Cyclones</b>	<ul style="list-style-type: none"> <li>The use of durable materials resistant to external factors (such as stone or porcelain stoneware floors; glass with increased resistance) and protective elements (bumpers, posts, high curbs).</li> <li>Design and implementation of buildings resistant to extreme weather conditions.</li> <li>The use of solutions for quick detection and response to risk factors (meteorological stations in each building, automatic reaction of devices as a result of alarms, the possibility of remote control of devices in buildings).</li> <li>Implementation of emergency preparedness procedures.</li> </ul>
			<b>Earthquake</b>	
<b>Floods</b>			<ul style="list-style-type: none"> <li>Application of solutions for quick detection and response to risk factors (leak detection system).</li> <li>The use of durable materials and resistant to external factors and protective elements.</li> <li>Design and implementation of buildings resistant to extreme weather conditions.</li> <li>Implementation of emergency preparedness procedures.</li> <li>The use of oversized installation elements (e.g. retention tanks).</li> <li>Using analyses and recommendations of external experts in the field.</li> </ul>	

Type of risk and TCFD subcategory	Identification of the risk factor	Risk management methods
Chronic weather events	Variability of weather patterns	<ul style="list-style-type: none"> <li>Equipping buildings with meteorological stations connected to the BMS system, which provide the possibility of early response to adverse weather conditions.</li> </ul>
	Rising average temperatures	<ul style="list-style-type: none"> <li>Equipping buildings with efficient air conditioning units.</li> <li>Individual settings have been used on the lease areas to control comfort with the possibility of temperature regulation of +/- 3 degrees and regulation of the air flow speed.</li> <li>The use of dew point temperature systems in buildings is not allowed to be reached.</li> <li>The use of durable materials and resistant to external factors (such as stone or porcelain stoneware floors; glass with increased resistance) and protective elements (e.g. vapor barriers).</li> </ul>
	Rising sea levels	<ul style="list-style-type: none"> <li>Using analyses and recommendations of external experts in the field.</li> <li>The use of durable materials and resistant to external factors (such as stone or porcelain stoneware floors; glass with increased resistance) and protective elements.</li> </ul>
	Air pollution	<ul style="list-style-type: none"> <li>Implementation of actions in accordance with water and air management procedures.</li> <li>Application of a high-grade filter (m.in. F7).</li> <li>Use of individual air purifiers.</li> <li>Use of air purifying plants.</li> <li>Application of air ionizers.</li> <li>Cyclic measurement of indoor and outdoor air condition.</li> </ul>

### Compliance risk

The Group strives to fully comply with laws and regulations, meaning the risk appetite is zero.

#### Integrity code and rules

Unethical behaviour and breaches of applicable legislation and regulations may result in reputational damage, claims and legal proceedings, leading to higher costs and a lower result.

The Group complies with all relevant laws applicable in locations where it operates (Netherlands and Poland). The internal codes are updated regularly in line with new legislation or other relevant changes in the market place. All employees are regularly trained in the applicable rules.

#### Sustainability / health and safety legislation

The risk that the portfolio does not comply with prevailing laws and regulations in the field of sustainability and health and safety. This could result in a situation in which properties can no longer be used (occupied) and/or fines are imposed resulting in a negative impact on the value and marketability of the properties. It could also result in reputational damage.

The Group is continuously checking the status of its current property portfolio with respect to (new) codes and rules in the field of sustainability and health and safety and submits buildings to independent assessments by verification bodies (e.g. IWBI - International WELL Building Institute)..

#### Fraud risk

The management of fraud risks is an integral part of Tonsa's risk management. Potential fraud risks is mitigated and controlled within Tonsa's internal control environment, to identify if there are any risks that are not (yet) adequately mitigated, and if there are shortcomings for which additional measures should be taken.

For each process/activity, the potential fraud risks that could apply, and the control measures that are in place, were identified. Activities were categorized in three main categories for this purpose;

- General: Culture and Governance
- Primary processes/activities (including commercialization, acquisitions and dispositions of assets, asset management and development of real estate);

– Supporting activities.

The main potential fraud risks related to our business are: anti-bribery and corruption (e.g. money laundering), transactions with fraudulent parties, self-enrichment and manipulation risk. The implemented separation of duties and the way in which decision-making and power of attorney are embedded in our organisation contribute significantly to this.

Furthermore, the assignment of external appraisers in the valuation process and the standardisation of processes and formats in general are also important mitigating measures in this regard.

The outcome and conclusions of the fraud risk assessment are discussed in the management board. As a result of this fraud risk assessment no major issues were observed. In the opinion of the board further improvement could be made in the field of more explicitly linking risks and mitigating measures.

The Group strictly adheres to internal standards in the field of fraud prevention, anti-corruption and counteracting the financing of terrorist activities. From the first stage of establishing business relationships - with tenants, contractors, financing institutions or other partners - we are guided by high ethical standards that allow us to avoid situations that may lead to abuse, corruption or violation of the law.

We identify our partners. The knowledge and experience of our associates, know your client forms, publicly available information (e.g. from commercial registers and register of beneficial owners) or the use of OSINT sources are of great help in this regard.

We are trying to oblige our business partners to pay special attention to the issues of counteracting corruption, money laundering and terrorism financing. At the same time, in order to increase our control over this area, we plan to implement more effective mechanism for reporting violations and allowing any concerns to be raised. Thanks to this, we will be able to detect early possible areas of threats and react quickly in the event of suspected violations. Appropriate contractual clauses are an additional guarantee of our security, allowing us to terminate business cooperation in a situation where our partner breaks the law.

All risks related to the Group's operations are first analyzed by teams appointed for this purpose, which include decision-makers, in particular managers, and people with specialist knowledge necessary for the functioning of the Group and its assets. If a situation arises in which it is necessary to take specific actions, individual issues are forwarded for further discussion with the Management Board.

All risks regarding primary and supporting activities are also mitigated by segregation of duties and the double acceptance policy.

If it is concluded fraud occurred, the Group will prepare a remediation plan, which include the following aspects:

- measures to undo the fraud;
- measures to prevent recurrence in the future;
- measures regarding persons and companies involved;
- the manner in which recovery of damages is being pursued;
- filing a police report.

When a fraud has occurred, the effects of fraud (e.g. loss of assets, claims for damages, costs of investigations) will be included in the financial statement.

#### Fiscal regulations

As the Group operates in two different fiscal locations, it is crucial to comply with all fiscal regulations. Non-compliance could have a significant adverse effect on the Group, its results or financial position.

The Group constantly monitors the main risks relating to its tax position, including all tax requirements and tax law changes introduced by Dutch and Polish tax authorities. The Group is responsible for internal knowledge sharing with regard to (changing) tax regulations in order to ensure employee awareness, enabling them to identify relevant signals and gain the necessary advice.

#### **Financial risk**

The Group manages financial risks through its risk management function. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out under policies approved by the Management board. The Management board identifies and evaluates financial risks in close cooperation with the Group's operating units. The Management board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

The Group has a conservative financial policy, meaning the risk appetite is low.

### Reporting

The reporting risk relates to the impact of incorrect, incomplete or untimely available information on internal decision-making processes or those of external parties (including shareholders, banks and regulators), which may result in reputational damage and potential claims due to misleading statements to stakeholders.

The Group prepares and monitors a budget, investment budget and liquidity forecast, all of which are compared and updated with actual results on a quarterly basis. Reports are reviewed by management, as well as by finance and operational teams. The full annual accounts are audited by the independent auditor.

Employees regularly attend courses and meetings to be informed of all relevant laws and regulations so that all information produced by the Group complies with prevailing laws and regulations.

### Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent they are exposed to general and specific market movements.

### Foreign exchange risk

The Group is exposed to foreign exchange risk, primarily with respect to the Euro. Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.

The Group's policy is to enter into currency hedging transactions with forward foreign exchange contracts; however, it does not opt to use hedge accounting in accordance with the requirements of IFRS 9.

The Group has various financial assets such as derivative financial assets and liabilities, trade and other receivables and cash and short-term deposits that arise directly from its operations. The Group's principal financial liabilities, besides derivative financial liabilities, comprise bank loans and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The derivative transactions the Group enters into are primarily interest rate swaps and forward foreign exchange contracts. The purpose is to manage the interest rate risks and currency risks arising from the Group's sources of finance (economic hedges).

The Group manages foreign currency risk on a group basis.

Nevertheless, the Group does not apply hedge accounting in accordance with IFRS 9. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as rental revenue) are denominated. This is generally achieved by obtaining loan financing in the relevant currency and by entering into forward foreign exchange contracts.

The functional currency of the Company is the Polish Zloty (PLN). The functional currencies of the Group's principal subsidiaries are Polish Zloty. The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies.

### Price risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities.

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk and changes in prices of residential units.

### Cash flow and fair value interest rate risk

As the Group's interest bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's income. The Group is exposed to fair value interest rate risk on tenant deposits. Any change in the market rates might impact the fair value gain or loss recognised in other comprehensive income. The impact of such changes is not expected to be significant to the Group.

The Group's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's policy is to fix the interest rate on its variable interest borrowings. To manage this, the Group enters into interest rate swaps and CAP options in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. The Group's interest rate risk is monitored by the Group's management. Management analyses the Group's interest rate exposure on a dynamic basis.

### Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk.

Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees, contract assets, rental guarantees, contractual cash flows of debt investments carried at FVOCI and favourable derivative financial instruments and deposits with banks and financial institutions. Credit risk is managed on a Group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Groups of counterparties, and to geographical and industry segments. Such risks are subject to a quarterly or more frequent review.

The Group has policies in place to ensure rental contracts are entered into only with lessees with an appropriate credit history. Group monitor the credit quality of receivables on an ongoing basis. Cash balances are held and derivatives are agreed only with financial institutions with a solid financial rating.

The Group has policies that limit the amount of credit exposure to any financial institution. The utilisation of credit limits is regularly monitored.

The Group has two types of financial assets that are subject to the expected credit loss model:

- receivables from tenants;
- loans.

While cash and cash equivalents and tenant deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Deposits refundable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

The fair value of cash and cash equivalents as at 31 December 2023 and 31 December 2022 approximates the carrying value.

The Group prepared analyses showing that expected credit losses and expected loss rate are immaterial. Therefore, no impairment due to expected credit loss was recognized for trade receivables. Impairment provision was created on the base of current settlement issues with tenants.

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the impairment charge recognised during the period was therefore limited to 12 months' expected losses, which were assessed as immaterial and were not recognised in the financial statements.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The Group's liquidity position is monitored on a daily basis and is reviewed quarterly by the Management board. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position, as the impact of discounting is not significant.

## **5. INFORMATION ON FINANCIAL INSTRUMENTS**

### **Objectives and policies of the legal person regarding risk management.**

The main goal of risk management by the Group is to ensure the security of operational activities and ensure the effectiveness of achieving strategic goals by making decisions aimed at maximizing income obtained in the longer term while taking an acceptable level of risk.

The Group's risk management system covers all areas of the company's operations and is aimed at identifying potential events in terms of threats and opportunities.

### **The risk hedging policy associated with all major types of intended transactions.**

Companies from Group diversify the sources of rental income by renting space to many companies from various markets. Agreements are signed for several years with entities with good financial standing. During the term of the lease, the tenants' financial situation and their payments are monitored periodically.

Most rents are expressed and paid in euro, this minimizing the risk of a mismatch between the currency of revenues and the currency of the main bank debt.

Every year, tenants' rents are indexed by the inflation rate, which protects the company against unexpected significant inflation changes. Lease agreements are signed with tenants in the triple net standard, under which all costs related to the property, including property tax and insurance, are settled in full between the tenants.

Companies from Group concluded long-term investment loans in various Polish and international banks in EUR, which significantly minimizes the costs of this financing and the risk of mismatch between the debt currency and the income currency.

In order to minimize the risk of exchange rate fluctuations, the Group uses forward transactions at the construction stage of buildings to secure the conversion rate of a construction loan taken in PLN into an investment loan in EUR.

In order to minimize the risk of an increase in interest rates, the company uses IRS or CAP hedging transactions.

During the construction and arrangement stage, individual building companies use many suppliers and contractors. Individual contracts are secured with a deposit or a bank or insurance guarantees. Contractors are selected in accordance with the Group's bidding policy, which also takes into account the financial and liquidity situation of the contractor.

#### **The price, credit, liquidity and cash flow risks incurred by the legal entity.**

A detailed description of the risks is included in Chapter 4.

## **6. CODES OF CONDUCT**

The Group has implemented and strictly works in line with a policy in connection with fraud prevention, anti-corruption and prevention of money laundering and financing of terrorism activities.

The Olivia Centre Code of Conduct, implemented on August 9, 2023, contains the principles of Group's business activities related to: human rights, environmental protection issues and principles of honesty in business. This document is both a testimony to the values professed by the Group and a clear and clear indication for all the Group's Business Partners regarding the expectations towards them during cooperation. An important element of the Code is also the implementation of a mechanism for reporting violations and making it possible to report concerns anonymously, without fear of any retaliation or disregard of the problem. This aims to improve the effectiveness of counteracting irregularities and making informed decisions that have a positive impact on the community and the environment. The Code of Conduct is published by the Group on the web page <https://www.oliviacentre.com/en/about-us-2/olivias-code-of-conduct/>.

The Group has listed debt on a multilateral trading facility or equivalent (Catalyst Exchange) and the total consolidated assets are above the threshold of EUR 500 mln. The Group does not follow/comply with the Dutch Corporate Governance Code in this respect because the number of shareholders is considered limited.

## **7. SOCIAL ASPECTS OF THE BUSINESS**

The Group is very active within the local society of Gdansk, especially in the district of Gdansk Olivia where the Olivia Centre is located. The Group is dedicated to comply with rule of good neighbourhood and takes part in many local activities, such as renovation works within the district, open events for children and elderlies and support to local schools. Strategic activities of the Group contribute to sustainable urbanisation and participation in integrated planning and management of urban areas. Each of the Group's projects ensures easy and unrestricted access to green areas and safe public spaces. Owing to the mixed-use concept implemented at Olivia and the varied offer, the Group integrate the region's inhabitants and tourists by attracting diverse groups of people in terms of age, gender, education, nationality, views or interests.

The Group focus on multifunctional buildings, which provide access to a rich infrastructure, e.g. services related to health, education, administration, finance, beauty and everyday life, and communication-enhancing facilities, with particular emphasis on micromobility, with everything within a five-minute walking distance. The Group provides spaces that encourage healthy living and does so based on the best global practices, as evidenced by the BREEAM and WELL Health-Safety Rating certificates it has obtained.

Health and well-being is a key part of Group's ESG strategy. The pandemic has magnified this issue and pushed it to the forefront of our thinking. Ensuring that Olivia Centre is as safe as possible for all its users has been paramount in our thinking since the outbreak of the novel coronavirus. The Group have implemented procedures and installed innovative technological solutions to ensure a safe and health-friendly space for everyone using the centre. In 2023 Olivia Centre was recertified with a WELL Health-Safety Rating maintaining a high score of 25/25 points. This is a data-based, independently verified assessment for buildings, focusing on the analysis of operational rules, use and maintenance standards, stakeholder engagement and contingency plans to ensure maximum COVID-19 protection at present and in the future. Olivia received a maximum score of 25 out of 25 points.

The Group complies with all applicable environmental and related regulations. The Group recognizes the necessity of taking into account within its activity the environmental aspects and therefore voluntarily implements many solutions dedicated to limit its impact on the environment, e.g. by reducing water and energy consumption. All buildings with the Olivia Centre from their very early stage were designed to meet abovementioned requirements. All buildings are BREEAM certified (2 rated Very Good, and 5 rated Excellent) with each new building improving the effectiveness of the previous one's pro-social and pro-environmental solutions.

Every year, the Group organizes several hundred events for its employees, co-workers, residents and local residents. The Group celebrates important events (holidays and anniversaries), informs the public about them and presents the history and significance of these events. It also educates and encourages joint activities by celebrating, among others: World Day for the Protection of the Baltic Sea (called World Water Day by the UN), International Earth Day, World Bicycle Day and World Car Free Day.

The Olivia Centre has created jobs for nearly 15,000 people. Olivia's residents work in almost 100 companies, and O4 Coworking brings together an additional 150 entrepreneurs who sublease Olivia's space. The Group's projects support entrepreneurship, creativity and innovation, help promote business and the creation of decent jobs, and encourage the development of micro, small and medium-sized enterprises.

## **8. RESEARCH AND DEVELOPMENT**

The Group does not perform any research and development activities.

## **9. FUTURE OF THE BUSINESS**

The Group's goal is to develop and launch new projects in the residential and PRS (Private Rented Sector) segments while maintaining the leading position on the Tricity commercial real estate market, generating stable income, focusing on the ESG area and maintaining the highest quality of assets.

In the coming years, the Group will focus its strategy on the diversification of investment projects. It consistently develops its core business, which is office projects, and launches new projects in the residential segment, mainly in the PRS sector, where it sees great potential for growth. PRS offer will be addressed to people who decide to shape their housing policy based on rent. The group has secured a land bank for this purpose and is gradually implementing further investments.

During 2022, the Group, in accordance with the strategy, expanded its investment portfolio to include residential projects - the special purpose vehicle Olivia Home Platynowa Park sp. z o.o. started the construction of the first two residential buildings. The sale of apartments as part of the Platynowa Park investment in Gdańsk is in the final stage, 100% of the residential area has been sold. Moreover, in the first half of 2024, the Group has started the construction of the first PRS building - Olivia 10.

The Group plans to develop in Poland and, despite the concentration of its current operations in the Tricity area, it does not exclude future investments in other commercially attractive cities.

In 2024, the Group plans to:

- start the construction of the first PRS Olivia 10 building with over 250 apartments,
- obtain a BREEAM final certificate for the Olivia Prime building with a rating of at least Excellent in the full version taking into account the arrangement of the lease space (Fully Fitted). The certificate will confirm the successful implementation of best practices affecting energy efficiency throughout the building's life cycle, which translates into its relatively low operational carbon footprint,
- achieve an average commercialization level of at least 92% at the end of 2024,
- complete the sale of apartments in the Group's first residential investment;
- renew the "WELL Health and Safety Rating" certification;
- obtain the first green credit financing for an office project.

The Olivia Centre project has strong fundamental advantages against the market and in the opinion of the Management Board is well prepared for the future. The main advantages of the Olivia Centre are:

- Olivia Centre achieved the maximum possible score in WELL Health-Safety Rating certificate for management and operational processes of buildings certification. This milestone marks the organization's efforts to prepare the space for a re-entry into the environment after COVID-19, instilling confidence in tenants and the wider community.
- Location in the central business area of the Gdańsk Metropolitan Area and the largest share of nearly 20% in the commercial office market in the region.
- Diversified portfolio of tenants - over 100 tenants, which are mainly international and domestic office tenants with a stable financial position.
- Ongoing contact with individual tenants in order to identify their current needs and plans.
- High level of commercialization
- Low level of trade receivables among tenants and very good payment history in the past cooperation with tenants.
- Debt servicing ratios in individual buildings at safe levels to allow ongoing loan servicing.
- Diversified sources of debt financing under long-term loan agreements signed with various Polish and international financial institutions.
- Supply chain focused primarily on domestic contractors with good reputation, with whom cooperation has been continued for many years.
- Very good technical condition of the buildings.
- Key areas related to operations activity of the Olivia Centre are under control of the Investor, including particularly property management, commercialization, design/building, purchases/settlements, security.



- Efficient management of the Olivia Centre project can be done remotely, even for a long period.
- High cash reserve in individual building companies give an additional security to the project.

## 10. MALE/FEMAL DISTRIBUTION

The Company takes extremely seriously issues regarding balanced distribution of seats on the management board of the Group, however during year being a subject of this report occurred circumstances which had significant impact on the current shape of the corporate body.

Composition of first management board of the Company is justified by important circumstances related to business assumptions which provided that the composition of the first management board would include: ultimate beneficial owner of the Group, representative of the main shareholder and representative of the company being the corporate services provider for the Company.

Having in mind the importance of proper distributions of seats the Company will constantly seek for solutions which may help to improve current ratio.

## 11. OTHER INFORMATION

No other information to be disclosed. Reference is made to the other points included in this report.

## 12. CONSEQUENCES OF COVID-19 ON THE GROUP AND THE WAR IN UKRAINE.

From May 16, 2022, the state of epidemic that has been in force for over two years has been lifted in Poland. For this reason, it should be considered that the impact of the COVID-19 pandemic on the economic situation is no longer significant. In 2023, Poland saw a further decline in the percentage of people using remote work - mainly in favor of working in a hybrid system (partly from the office and partly from home).

2023 was another year in a row marked by uncertainty. The outbreak of war in Ukraine, the resulting uncertain socio-political situation, inflation, new legal regulations in the field of sustainable development of companies and challenges related to new work models affect the real estate market.

The office space market in regional cities is characterized by:

- Stable level of tenant activity,
- Developers' caution when starting new investments,
- High operating costs encouraging improvements and optimization of the occupied office space,
- Continued high level of rents for prime office space.

The market is witnessing a marked slowdown in developer activity and the number of commercial real estate sales transactions. The decline in the supply of new office space is due to several factors, including: high inflation, which drives an increase in financial costs and investment costs, including prices of construction materials, land, utilities and wages. The low supply of new space puts pressure on asking rents, and rising energy prices and the minimum wage affect service fee rates. However, this does not result in a significant decline in tenant activity.

It should also be borne in mind that the war in Ukraine that has been ongoing since February 24, 2022 has affected the economic environment in the entire region. Continuation of the war may result in an extension of the package of economic sanctions imposed so far, further disruptions in supply chains, limited availability of subcontractors and a general increase in material prices, which in turn may significantly translate into the costs of investments in the real estate market and the valuation of existing facilities.

Due to the war in Ukraine and also due to the pandemic, global corporations may decide to diversify the location of individual services within Shared Service Centers (CUW, SSC), Business Process Outsourcing (BPO), Research and Development (R&D), BPOP/SSC or IT between countries (duplication or backup of services). In the opinion of the Company's Management Board, this may be an opportunity for Central and Eastern Europe, to which some services will be transferred or divided: (i) from premium locations such as London or Berlin, (ii) from Asia, mainly due to the pandemic, and (iii) from the Middle East due to the war in Ukraine and sanctions imposed on Russia. These activities should have an impact on the increase in demand for office space in Poland in the coming years.

Poland continues to be the most attractive market in the Central and Eastern European region thanks to high liquidity as well as a wide range of high-quality investment products. According to the Management Board, the need to seek quality and savings due to rising operating costs are one of the main challenges facing the office real estate market in the coming quarters. ESG is becoming an increasingly important justification for business decisions. Better work comfort will have an increasingly significant impact on employee efficiency and an increase in the frequency of working from the office. Poland will continue to be a leader in investment activity, while increasing its share as a key market in the Central and Eastern European region.

Any adjustment in the value of capital assets should be compensated by an increase in rents, which should increase investor interest in the best projects. The spreading hybrid work model contributes to the diversification of the number of tenants and does not pose a threat to the prospects for further development of the office market in Poland. The high costs of the initial arrangement

of office space, combined with the supply gap, will influence tenants' decisions regarding the length of lease agreements signed and the choice of location for their offices. According to the Management Board, tenants will be more willing to stay in their current office location or choose well-functioning business centers with an established reputation among tenants, offering, in addition to environmental benefits, also high comfort and pleasure of working from the office.

The Board of Directors,

M. Grabski

D. Luksenburg

M. Leininger

J. E. Missaar

Rotterdam, 29 May 2024

**Consolidated financial statements for to the year ended 31 December 2023**

**Consolidated statement of financial position as at 31 December 2023**

	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>565 068</b>	<b>544 765</b>
Standing investments	15	483 836	473 294
Development and lands	15	38 866	27 892
Right of use assets		725	681
Property and equipment		72	46
Intangible assets		2	10
Deferred tax assets	14	2 863	1 996
Long term loans and bonds	6	23 128	20 083
Long term derivative financial instruments assets	20	4 070	10 738
Other long-term financial assets	19	5 499	4 629
Other long-term assets	19	6 007	5 396
<b>Current assets</b>		<b>53 289</b>	<b>41 111</b>
Inventories	17	2 395	6 369
Receivables from tenants	18	5 409	4 573
Other short-term receivables		1 449	0
Income tax receivable		1	0
Short term loans and bonds	6	2 907	1 064
Short term derivative financial instruments assets	19	1 312	0
Other short-term financial assets	19	2 696	444
Other short-term assets	19	3 873	4 907
Cash and cash equivalents		33 247	23 754
<b>TOTAL ASSETS</b>		<b>618 357</b>	<b>585 876</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>		<b>239 626</b>	<b>218 449</b>
Issued share capital	22	188 010	188 010
Share premium	22	137	137
Foreign currency translation reserve		2 706	-14 751
Retained earnings	26	45 052	18 333
Profit for the year		3 721	26 720
<b>Non-current liabilities</b>		<b>303 841</b>	<b>306 318</b>
Long term borrowings	23	267 428	270 844
Deferred tax liabilities	14	34 076	34 286
Long term lease liabilities	6	910	853
Long term derivative financial instruments liabilities	19	1 254	0
Long term deferred revenue		173	335
<b>Current liabilities</b>		<b>74 890</b>	<b>61 109</b>
Trade and other payables	24	5 232	5 352
Short term borrowings	23	61 821	45 383
Short term lease liabilities	6	111	92
Short term derivative financial instruments liabilities	20	0	3 148
Income tax payable	14	83	6
Other short term financial liabilities	25	5 129	4 816
Other short term liabilities	25	410	746
Deferred revenue		1 766	1 564
Provisions		338	2
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>618 357</b>	<b>585 876</b>

The above statement should be read in conjunction with the accompanying notes.

**Consolidated statement of comprehensive income for the year ended 31 December 2023**

	Note	2023	2022
Gross rental income	9	33 289	26 548
Service charge income	9, 10	12 842	9 282
Net property expenses	10	-20 167	-10 833
<b>Net rental income</b>		<b>25 964</b>	<b>24 997</b>
Net result on disposals		0	170
Revaluation of standing investments, net	15	-29 916	20 960
Revaluation of developments and land, net	15	7 772	-1 514
Other depreciation, amortisation and impairments		-55	6
Administrative expenses	11	-1 667	-2 081
<b>Net operating profit</b>		<b>2 098</b>	<b>42 538</b>
Interest expenses, net	12	-15 807	-12 067
Foreign currency differences	6.2	15 873	-4 244
Other financial result, net	13	-935	8 955
<b>Profit before taxation</b>		<b>1 229</b>	<b>35 182</b>
Taxation charge for the period	14	2 492	-8 462
<b>Profit after taxation for the year</b>		<b>3 721</b>	<b>26 720</b>
Exchange differences on translation of foreign operations		17 413	-3 808
<b>Other comprehensive income</b>		<b>17 413</b>	<b>-3 808</b>
<b>Total comprehensive income for the year</b>		<b>21 134</b>	<b>22 912</b>
<b>Total comprehensive income attributable to the Company shareholder arising from continuing operations</b>		<b>21 134</b>	<b>22 912</b>

The above statement should be read in conjunction with the accompanying notes.

**Consolidated statement of changes in equity for the year ended 31 December 2023**

	Note	Issued share capital	Share premium	Foreign currency translation reserve	Retained earnings	Profit for the year	Total
<b>1 January 2023</b>		<b>188 010</b>	<b>137</b>	<b>-14 751</b>	<b>18 333</b>	<b>26 720</b>	<b>218 449</b>
Profit for the year		0	0	0	0	3 721	3 721
Foreign currency translation		0	0	17 413	0	0	17 413
Profit distribution	26	0	0	0	26 720	-26 720	0
Business combination	27	0	0	44	-1	0	43
<b>31 December 2023</b>		<b>188 010</b>	<b>137</b>	<b>2 706</b>	<b>45 052</b>	<b>3 721</b>	<b>239 626</b>
<b>1 January 2022</b>		<b>187 710</b>	<b>0</b>	<b>-10 943</b>	<b>9 454</b>	<b>10 125</b>	<b>196 346</b>
Profit for the year		0	0	0	0	26 720	26 720
Foreign currency translation		0	0	-3 808	0	0	-3 808
Profit distribution	26	0	0	0	10 125	-10 125	0
Shares issued	22	300	137	0	0	0	437
Business combination		0	0	0	-1 246	0	-1 246
<b>31 December 2022</b>		<b>188 010</b>	<b>137</b>	<b>-14 751</b>	<b>18 333</b>	<b>26 720</b>	<b>218 449</b>

The above statement should be read in conjunction with the accompanying notes.

## Consolidated statement of cash flows for the year ended 31 December 2023

	Note	2023	2022
<b>Cash flows from operating activities</b>			
Profit before taxation		1 229	35 182
<b>Adjustments for:</b>		<b>28 988</b>	<b>-13 272</b>
Other depreciation, amortisation and impairments		7	0
Revaluation of financial instrument		3 462	-10 084
Revaluation of standing investments, net	15	29 969	-20 960
Revaluation of developments and land, net	15	-7 772	1 514
Foreign exchange loss, net		-13 863	-157
Net result on disposals		0	-170
Interest expense		18 807	13 824
Interest income		-1 622	-1 524
Other		0	4 285
<b>Operating cash flows before working capital changes</b>		<b>30 217</b>	<b>21 910</b>
Change in receivables from tenants, other receivables, other assets, prepayments and prepaid expenses		-1 860	-1 660
Change in inventory		3 974	-615
Change in trade, other payables, accrued expenditure and other liabilities		289	3 071
<b>Cash flow from operations</b>		<b>32 620</b>	<b>22 706</b>
Corporation taxes paid, net		-905	-821
<b>Net cash flow from operating activities</b>		<b>31 715</b>	<b>21 885</b>
Expenditure on investment property completed and under development		-5 685	-7 574
Proceed from sale of investment property completed and under development		774	187
Acquisition of subsidiary, net of cash acquired	27	0	410
Loans granted		-2 218	-3 931
Interest received from loans and bonds granted		17	261
Other items		-24	-4
<b>Net cash flow from investing activities</b>		<b>-7 136</b>	<b>-10 651</b>
<b>Net cash flow before financing activities</b>		<b>24 579</b>	<b>11 234</b>
Proceeds from borrowings	23	60 636	14 690
Repayment of borrowings	23	-49 913	-15 523
Change of receivables representing restricted cash		-2 686	-503
Interest paid		-23 103	-12 258
Repayments of finance leases		-20	8
<b>Net cash flow from financing activities</b>		<b>-15 086</b>	<b>-13 586</b>
<b>Net change in cash and cash equivalents</b>		<b>9 493</b>	<b>-2 352</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>23 754</b>	<b>26 107</b>
<b>Cash and cash equivalents at the end of year</b>		<b>33 247</b>	<b>23 754</b>

The above statement should be read in conjunction with the accompanying notes.

## Notes to the consolidated financial statements

### 1. General information

Tonsa Commercial REI N.V. (the Company; the Parent) and its subsidiaries (together the Tonsa Group or the Group) hold a major portfolio of investment properties in Poland. The Group is also involved in the development of office buildings and construction of residential/PRS (Private Rented Sector) properties.

The Company has its corporate seat in Rotterdam, the Netherlands and registered offices at Oslo 1, 2993LD Barendrecht. The Company has been entered into the Trade Register of the Dutch Chamber of Commerce under the number: 73088870. As per 31 December 2022 the authorised capital of the Company amounted to EUR 226.670 kEUR, while the issued capital amounted to EUR 188.010 kEUR.

The Company was incorporated under the laws of the Netherlands on 14 November 2018.

These consolidated financial statements have been approved by the Board of Directors (Maciej Grabski – Director, David Luksenburg - Director, Markus Leininger – Director, Jeroen Edwin Missaar - Director) on 29 May 2024.

### 2. Material subsidiaries

As at 31 December 2023 the Tonsa Group consisted of the following entities:

Name of entity	Statutory seat	Ownership interest held by the Group	Ownership interest held by non-controlling interests	Ownership interest held by the Group	Ownership interest held by non-controlling interests	Principal activities
		As at 31.12.2023		As at 31.12.2022		
Olivia Complex Sp. z o.o. **	Gdańsk, Poland	100%	0%	100%	0%	Land reserve and development
Olivia Gate Sp. z o.o.	Gdańsk, Poland	100%	0%	100%	0%	Investment development
Olivia Point & Tower Sp. z o.o.	Gdańsk, Poland	100%	0%	100%	0%	Investment development
Olivia 4 SA	Gdańsk, Poland	100%	0%	100%	0%	Investment development
Olivia Star SA	Gdańsk, Poland	100%	0%	100%	0%	Investment development
J-HOME SA	Gdańsk, Poland	100%	0%	100%	0%	Investment development
Olivia Seven Sp. z o.o.	Gdańsk, Poland	100%	0%	100%	0%	Investment development
Olivia Prime B Sp. z o.o.	Gdańsk, Poland	100%	0%	100%	0%	Investment development
Olivia Fin Sp z.o.o.	Gdańsk, Poland	100%	0%	100%	0%	Investment development
Olivia Fin Sp. z o.o. SKA	Gdańsk, Poland	100%	0%	100%	0%	Financing
Olivia Home Platynowa Park	Gdańsk, Poland	100%	0%	100%	0%	Development of investments on residential market
TP3 Sp. z o.o.	Gdańsk, Poland	100%	0%	100%	0%	Development of investments on residential market
Brillant 3756. GmbH*	Berlin, Germany	100%	0%	100%	0%	Inactive SPV
OBC Sp. z o.o.**	Gdańsk, Poland	n/a	n/a	100%	0%	Financing

\* entity was put into liquidation during 2023

\*\* on 29 November 2023 there was a merger Olivia Complex Sp.z o.o. with OBC Sp.z o.o. (acquired company).

On 22 February 2024 Tonsa SCA, SICAV – RAIF sold to Tonsa Commercial REI N.V. 200 shares of nominal value amount to PLN 10,000.00 in Materida Sp. z o.o., (sole shareholder).

On 9 May 2024 The Court registered Olivia Home Leśna Sp.z o.o. with sole shareholder Tonsa Commercial REI N.V..



### 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

### 4. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS as adopted by EU) and with Title 9 of Book 2 of the Dutch Civil.

Most of the Group's entities keep their accounting records in accordance with the accounting policies set forth in the Polish GAAP. These consolidated financial statements include number of adjustments not included in the accounts of the Group companies, which were made to bring the financial statements of those companies into conformity with IFRS as adopted by EU.

#### Income and cash flow statements

Tonsa Group has elected to present a single consolidated statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method. Interest paid are presented within financial cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

### 5. Preparation of the consolidated financial statements

#### 5.1. Going concern

The consolidated financial statements have been prepared on a going concern basis.

On the basis of the assessment carried out the Board of Directors of the Company, considering a.o. the impact of COVID-19, inflation, liquidity and refinancing, states that the assumption that the Group will continue as a going concern for a period of at least 12 months after the date of the preparation of the financial statements is justified.

#### 5.2. Basis of preparation

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements have been prepared applying a historical cost convention, except for the measurement of investment property at fair value, financial assets classified as fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI) and derivative financial instruments that have been measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS as adopted by EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.

#### **Standards, amendments to existing standards and interpretations issued by IASB and endorsed by the European Union applied for the first time in 2023**

- IFRS 17 "Insurance Contracts" with subsequent amendments to IFRS 17 approved by the EU on November 19, 2021 (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (effective for annual periods beginning on or after January 1, 2023 or later),
- Amendments to IAS 1 "Presentation of Financial Statements" and guidelines of the IFRS Board on disclosures about accounting policies in practice - the requirement to disclose material information about accounting policies (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of accounting estimates (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IAS 12 Income Taxes: Deferred Tax on Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after January 1, 2023)
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective for annual periods beginning on or after January 1, 2023).

The above-mentioned amendments to the standards did not have a material effect on the Group's performance.

#### **Standards, amendments to existing standards and interpretations issued by IASB and endorsed by the European Union but not effective for the accounting periods beginning on 1 January 2023 and not early adopted by the Group**

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024),

- Amendments to IAS 1 Presentation of financial statements - presentation of liabilities as short-term or long-term (effective for annual periods beginning on or after January 1, 2023).

### **Standards and Interpretations issued by IASB but not yet endorsed by the European Union**

IFRS as endorsed in the EU do not currently differ from the regulations adopted by the International Accounting Standards Board, with the exception of the following standards, amendments to standards and interpretations, which as at the date of approving these financial statements have not yet been adopted for application:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements,
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability,
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after January 1, 2016) - the European Commission decided not to endorse this interim standard while waiting for its final version,
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in associates and joint ventures"- sale or contribution of assets between the investor and its associate or joint venture and subsequent changes (the effective date of the changes has been postponed until the completion of research on the equity method).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

### **5.3. Consolidation**

#### **a. Subsidiaries**

##### Control

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

All the Group's companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, except where there are indications of impairment.

##### Accounting for business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

##### Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total amount of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the business acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

#### Accounting for asset acquisitions

For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill.

#### **b. Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### **c. Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### **d. Combination of businesses under common control**

A business combination involving business entities under common control is a business combination whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory. This refers in particular to transactions such as a transfer of companies or ventures between individual companies within a capital group, or a merger of a parent company with its subsidiary.

There is no guidance in IFRS on the treatment for business combinations under common control. However, following the guidance in IAS 8 and general concept provided in Framework, the Management should make a judgment considering facts and circumstances and determine the accounting policies to account for the transaction in accordance with its substance and economic reality and not merely their legal form.

Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the particular entities at the date of the transaction is included in equity in retained earnings.

IFRSs do not provide the guidance how to present the comparatives in the financial statements after the acquisition of the business under common control. Thus, the Management chosen to apply the prospective presentation method. It means the acquired entity's results and balance sheet are incorporated from the date on which the transaction took place. Consequently, the consolidated financial statements reflect the results of the acquired entity for the period after the business combination occurred. The corresponding amounts for the previous year are not restated.

#### Capital re-organisation

Transactions which involved a new company set up by the group to effect the combination of entities under common control are accounted for as a capital re-organisation.

The new company's consolidated financial statements include the existing entity's full results (including comparatives), even though the re-organisation occurred through the year. The assets and liabilities of the existing entities are incorporated at their pre-combination carrying amounts without fair value uplift.

Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the particular entities at the date of the transaction is included in equity in retained earnings. Comparative data is presented as the business combination was always effective since common control occurred.

### **5.4. Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

### **5.5. Foreign currency translation**

#### **a. Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Company's functional currency is PLN. The consolidated financial statements are presented in thousand euro (the Group's presentation currency is EUR).

**b. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss for the year.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance costs and finance income, respectively, unless they are capitalised as explained in note 5.15 (Borrowing costs). All other foreign exchange gains and losses are presented net in the consolidated statement of comprehensive income.

**c. Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- ii. income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). The Group is using monthly average exchange rates due to the increased volatility in exchange rates; and
- iii. all resulting exchange differences are recognised in the statement of comprehensive income.

On disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**5.6. Standing investments**

Standing investments that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is element of investment property. Investment property also includes property that is being constructed or developed for future use as investment property. (see note 5.7)

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs (see note 5.15).

After initial recognition, investment property is carried at fair value. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed of.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the income statement.

Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

### **5.7. Development and lands**

Development and lands that are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as element of investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs (see note 5.14).

After initial recognition, investment property is carried at fair value. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- the provisions of the construction contract;
- the stage of completion;
- whether the project/property is standard (typical for the market) or non-standard;
- the level of reliability of cash inflows after completion;
- the development risk specific to the property;
- past experience with similar construction; and
- status of construction permits.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed of.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the income statement.

Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

## 5.8. Leases

### a. Group is the lessee

#### (i) At initial recognition

The Group acting as lessee recognises a right-of-use asset and a lease liability connected with right of use assets for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The right-of-use asset is measured at its cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is measured at the present value of the lease payments that are not paid at the date of the consolidated statement of financial position.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured at the applicable index or rate at the lease commencement date;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, or the penalty payable on the exercise of a termination option unless the Group is reasonably certain not to exercise the option; and
- any amounts expected to be payable under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the investment properties used in the Group's leasing activities. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group is using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

#### (ii) Subsequent measurement

The Group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property.

The lease liability is measured as follows:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Where the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**b. Group is the lessor**

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet in accordance with their nature.

Properties leased out under operating leases are included in investment property in the consolidated statement of financial position. See note 5.18 for the recognition of rental income.

**c. Group is the lessor - fees paid in connection with arranging leases and lease incentives**

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and are amortised over the lease term.

Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term and are presented as deduction from the fair value of the investment property.

**5.9. Impairment of non-financial assets**

Assets that have an indefinite useful life - for example, goodwill - are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

**5.10. Financial instruments**

**a. Investments and other financial assets**

*(i) Classification*

Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

*(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*(iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: The Group classifies its loan receivables at amortized cost as both of the following criteria are met: i) the loan receivables are held within business model whose objective is to collect the contractual cash flows, and ii) the contractual terms give rise to cash flows that are solely payments of principal and interest. Assets that are held for

collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and is presented net within other gains (losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in net change in fair value of financial instruments at fair value through profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### (iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's financial assets are subject to the expected credit loss model.

A summary of the assumptions underpinning the company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
<b>Performing</b>	Loans whose credit risk is in line with original expectations	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
<b>Underperforming</b>	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses (stage 2).
<b>Non-performing (credit impaired)</b>	Interest and/or principal repayments are 60 days past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (stage 3).
<b>Write-off</b>	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on micro- and macroeconomic factors affecting the liability of the tenants to settle the receivable. The Group prepared analyses showing that expected credit losses and expected loss rate are immaterial. Therefore, no impairment due to expected credit loss was recognized for trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.



Loans to group companies are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Based upon historical performance and forward-looking information the loans granted by the Group are considered to be low risk and therefore expected credit losses can be assessed under stage 1 of the general model being a 12-month expected credit loss. On an annual basis an assessment is performed in order to identify any subsequent credit deterioration of a counterparty to the loans which might lead to change the expected credit loss from a 12-month PD ("probability of default") to a lifetime PD (stage 2). This assessment consists mainly of assessing the financial performance of the counterparties and checking if the interest payments are current and in line with the relevant loan agreement.

The calculation of PD is based upon a "short-cut" approach: according to this approach it is assumed that the Group uses a PD which is based upon actual market information, and more specifically, the average 1-year PD. Finally, for the calculation of the LGD ("loss given default") the Group uses the potential recovery rates considering available market data. The Group considers that a default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

The method described above of calculating the ECL for the Group's loans receivables resulted in an immaterial amount for the current year.

The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

#### **b. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the trade receivables with the objective to collect the contractual cash flows.

#### **c. Financial liabilities**

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognized initially at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (see note 5.15 for the accounting policy on borrowings).

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

#### **d. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

#### **e. Derivatives**

The Group does not apply hedge accounting in accordance with IFRS 9. Derivative financial assets and liabilities are classified as financial assets or liabilities at FVPL. Derivative financial assets and liabilities comprise mainly interest rate swap and forward foreign exchange contracts for hedging purposes (economic hedge). Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in net change in fair value of financial instruments at FVPL.

#### **5.11. Other assets**

Other are carried at cost less any accumulated impairment losses. See note 5.8 for separate accounting policy for lease incentives.

#### **5.12. Inventories**

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventories and is measured at the lower of cost and net realisable value (NRV). Principally, this is residential property that the Group develops and intends to sell before, or on completion of development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land,
- Amounts paid to contractors for development,
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

#### **5.13. Prepayments**

Prepayments are carried at cost less any accumulated impairment losses. See note 5.8 for separate accounting policy for operating lease prepayments.

#### **5.14. Equity**

##### **Issued share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

##### **Foreign currency translation reserve**

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

##### **Retained earnings**

Retained earnings include net profit for the period and undistributed profit from previous periods. Also in case of business combination under common control, any difference between the consideration paid/transferred and the equity "acquired" is reflected in retained earnings.

#### **5.15. Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **5.16. Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income or equity - in which case, the tax is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different

tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

#### **5.17. Provisions**

Provisions for legal claims are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

#### **5.18. Revenue recognition**

Revenue includes rental income, service charges and property management charges, and sale of redeveloped units.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue on sale of redeveloped units is recognised when control over the unit has been transferred to the customer, which is considered to be at a point in time, when the customer has taken possession of the unit.

Revenue from service and property management charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. For arrangements that include deferred payment terms that exceed twelve months, the Group adjusts the transaction price for the financing component, with the impact recognized as interest income using the effective interest rate method over the period of the financing.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

#### **5.19. Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved.

#### **5.20. Interest income and expense**

Interest income and expense are recognised within finance income and finance costs in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

## 5.21. Administrative expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in profit or loss in the period in which they are incurred on an accrual basis.

## 6. Financial risk management

### 6.1. Financial risk factors

The Group manages financial risks through its risk management function. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out under policies approved by the Board of Directors. The Board identifies and evaluates financial risks in close cooperation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

### 6.2. Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent they are exposed to general and specific market movements.

As at 31 December 2023 interest rate swaps and CAP options hedged 82% of bank loans outstanding balance (2022: 64%). There were no forward foreign exchange contracts as at 31 December 2023 (2022: 16%).

#### a. Foreign exchange risk

The Group is exposed to foreign exchange risk, primarily with respect to the Euro. Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.

The Group's policy is to enter into currency hedging transactions with forward foreign exchange contracts; however, it does not opt to use hedge accounting in accordance with the requirements of IFRS 9.

The Group has various financial assets such as derivative financial assets and liabilities, trade and other receivables and cash and short-term deposits that arise directly from its operations. The Group's principal financial liabilities, besides derivative financial liabilities, comprise bank loans and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The derivative transactions the Group enters into are primarily interest rate swaps and forward foreign exchange contracts. The purpose is to manage the interest rate risks and currency risks arising from the Group's sources of finance (economic hedges). The Group manages foreign currency risk on a group basis.

Nevertheless, the Group does not apply hedge accounting in accordance with IFRS 9. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as rental revenue) are denominated. This is generally achieved by obtaining loan financing in the relevant currency and by entering into forward foreign exchange contracts.

The functional currency of the Company is the Polish Zloty; the functional currencies of the Group's principal subsidiaries are Polish Zloty. The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies.

31 December 2023	Financial assets	Financial liabilities	Net exposure
EUR	20 798	330 503	-309 705
PLN	57 470	11 382	46 088
<b>Total</b>	<b>78 268</b>	<b>341 885</b>	<b>-263 617</b>

31 December 2022	Financial assets	Financial liabilities	Net exposure
EUR	29 431	255 862	-226 431
PLN	35 854	74 626	-38 772
<b>Total</b>	<b>65 285</b>	<b>330 488</b>	<b>-265 203</b>

Foreign currency differences gain, in the amount of kEUR 15.873, in current year result is mainly caused by valuation of borrowings in EUR, due to decrease in EUR/PLN FX rate (4,3480 as at 31 December 2023, whereas as at 31 December 2022: 4,6899).

The following paragraph presents sensitivities of profit or loss to reasonably possible changes in exchange rates applied at the financial position date relative to the functional currency of the respective Group entities, with all other variables held constant.

As at 31 December 2023 if the Euro weakened/strengthened by 10% against the Polish Zloty post-tax profit for the year would have been kEUR 25.086 lower/higher. As at 31 December 2022 if the Euro weakened/strengthened by 10% against the Polish Zloty post-tax profit for the year would have been kEUR 18.341 lower/higher.

#### **b. Price risk**

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities.

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk and changes in prices of residential units.

#### **c. Cash flow and fair value interest rate risk**

As the Group's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's income. The Group is exposed to fair value interest rate risk on tenant deposits. Any change in the market rates might impact the fair value gain or loss recognised in other comprehensive income. The impact of such changes is not expected to be significant to the Group.

The Group's interest rate risk principally arises from long-term borrowings (note 23). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group does not have material borrowings at fixed rates and therefore has no significant exposure to fair value interest rate risk.

The Group's policy is to fix the interest rate on its variable interest borrowings. To manage this, the Group enters into interest rate swaps and CAP options in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. As at 31 December 2023, as in the previous year, after taking into account the effect of interest rate swaps and caps, most of the Group's borrowings are at a fixed rate of interest. Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed there is no interest rate risk associated with these financial assets and liabilities.

The Group's interest rate risk is monitored by the Group's management. Management analyses the Group's interest rate exposure on a dynamic basis.

As at 31 December 2023, if interest rates had been 100 basis points higher (2022: 100 basis points higher) with all other variables held constant, post-tax profit for the year would have been kEUR 903 (2022: kEUR 1.163) lower. If interest rates had been 100 basis points lower (2022: 100 basis points lower) with all other variables held constant, post-tax profit for the year would have been kEUR 903 (2022: kEUR 1.163) higher.

### **6.3. Credit risk**

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk.

Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees, contract assets, rental guarantees, contractual cash flows of debt investments carried at FVOCI and favourable derivative financial instruments and deposits with banks and financial institutions. Credit risk is managed on a group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to a quarterly or more frequent review.

The Group has policies in place to ensure rental contracts are entered into only with lessees with an appropriate credit history. Group monitor the credit quality of receivables on an ongoing basis. Cash balances are held and derivatives are agreed only with financial institutions with a solid financial rating. The Group has policies that limit the amount of credit exposure to any financial institution. The utilisation of credit limits is regularly monitored.

The Group has two types of financial assets that are subject to the expected credit loss model:

- receivables from tenants;
- loans and bonds.

While cash and cash equivalents and tenant deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group's maximum exposure to credit risk by class of financial asset other than derivatives is as follows:

	31 December 2023	31 December 2022
Receivables from tenants	5 409	4 573
Loans and bonds	26 035	21 147
Other financial assets	8 195	5 073
Cash and cash equivalents	33 247	23 754
<b>Total</b>	<b>72 886</b>	<b>54 547</b>

Long term loans and bonds in the amount of kEUR 23.128 (2022: 20.083) have maturity date as follows:

- due within second to third year – kEUR 12.605 (2022: kEUR 5.100);
- due within third to fifth year – kEUR 7.429 (2022: kEUR 11.574);
- due after five years – kEUR 3.094 (2022: kEUR 3.409).

The below note presents the movement in Loans and bonds:

Loans and bonds	
<b>1 January 2022</b>	<b>22 912</b>
Proceeds from borrowings	10 672
Repayments of borrowings	-7 001
Other movements	-4 907
Exchange rate differences	-529
<b>31 December 2022</b>	<b>21 147</b>
Proceeds from borrowings	2 903
Repayments of borrowings	-702
Other movements	1 622
Exchange rate differences	1 065
<b>31 December 2023</b>	<b>26 035</b>

Deposits refundable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

The fair value of cash and cash equivalents as at 31 December 2023 and 31 December 2022 approximates the carrying value.

Analysis by credit quality of financial assets is as follows:

	31 December 2023	31 December 2022
Receivables from tenants (gross)	5 597	4 704
Less: Impairment provision	-188	-131
<b>Trade receivables - net of provision for impairment</b>	<b>5 409</b>	<b>4 573</b>

The Group prepared analyses showing that expected credit losses and expected loss rate are immaterial. Therefore, no impairment due to expected credit loss was recognized for trade receivables.

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the impairment charge recognised during the period was therefore limited to 12 months' expected losses, which were assessed as immaterial and were not recognised in the financial statements.

Ratings of financial institutions in which the Group located cash and cash equivalents are as follows:

Financial institution	Rating	Rating provider
ING Bank Śląski S.A.	A+	Fitch
Santander Bank Polska S.A.	BBB+	Fitch
Alior Bank S.A.	BB	Fitch
PKO BP S.A.	A2	Moody's
Bank Millennium SA	BBB+	Fitch
ING Bank N.V.	AA-	Fitch

#### 6.4. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group's liquidity position is monitored on a daily basis and is reviewed quarterly by the Board of Directors. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position, as the impact of discounting is not significant.

As the amount of contractual undiscounted cash flows related to bank borrowings and debentures and other loans is based on variable rather than fixed interest rates, the amount disclosed is determined by reference to the conditions existing at the reporting date - that is, the actual spot interest rates effective as at 31 December 2023 and 31 December 2022 are used for determining the related undiscounted cash flows.

Table below presents financial liabilities by due date:

	31 December 2023	31 December 2022
Due within one year	80 666	60 597
Due in second year	94 797	149 958
Due within third to fifth year	194 508	139 495
Due after five years	0	0
<b>Total</b>	<b>369 971</b>	<b>350 050</b>

#### 6.5. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by the Group as total borrowings less cash and cash equivalents and less financing provided by other related parties. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt and plus borrowing from other related parties.

The gearing ratios as at 31 December 2023 and at 31 December 2022 were as follows:

	31 December 2023	31 December 2022
Borrowings	329 249	316 227
Lease liabilities	1 021	945
Less: Cash and cash equivalents	-33 247	-23 754
Less: Borrowings from related parties	-361	-2 364
<b>Net debt</b>	<b>296 662</b>	<b>291 054</b>
Total equity	239 626	218 449
Borrowings from related parties	361	2 364
<b>Total capital</b>	<b>536 649</b>	<b>511 867</b>
Gearing ratio	55%	57%

## 6.6. Fair value estimation

### a. Assets and liabilities carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's financial assets and liabilities were classified as follows:

31 December 2023	Level 1	Level 2	Level 3	Total
Derivative financial assets	0	5 382	0	5 382
Derivative financial liabilities	0	1 254	0	1 254

31 December 2022	Level 1	Level 2	Level 3	Total
Derivative financial assets	0	10 738	0	10 738
Derivative financial liabilities	0	3 148	0	3 148

There were no transfers between Levels 1 and 2 during the year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstance that caused the transfer.

#### *Financial instruments in Level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps and CAP options is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the consolidated statement of financial position date, with the resulting value discounted back to present value; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

### b. Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value as at 31 December 2023 but for which fair value is disclosed.



31 December 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Receivables from tenants	0	0	5 409	5 409
Loans and bonds	0	26 035	0	26 035
Other financial assets	0	8 195	0	8 195
Cash and cash equivalents	33 247	0	0	33 247
<b>Total</b>	<b>33 247</b>	<b>34 230</b>	<b>5 409</b>	<b>72 886</b>
<b>Liabilities</b>				
Trade and other payables	0	5 232	0	5 232
Borrowings	0	329 249	0	329 249
Lease liabilities	0	1 021	0	1 021
Other financial liabilities	0	5 129	0	5 129
<b>Total</b>	<b>0</b>	<b>340 631</b>	<b>0</b>	<b>340 631</b>

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value as at 31 December 2022 but for which fair value is disclosed.

31 December 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Receivables from tenants	0	0	4 573	4 573
Loans and bonds	0	21 147	0	21 147
Other financial assets	0	5 073	0	5 073
Cash and cash equivalents	23 754	0	0	23 754
<b>Total</b>	<b>23 754</b>	<b>26 220</b>	<b>4 573</b>	<b>54 547</b>
<b>Liabilities</b>				
Trade and other payables	0	5 352	0	5 352
Borrowings	0	316 227	0	316 227
Lease liabilities	0	945	0	945
Other financial liabilities	0	4 816	0	4 816
<b>Total</b>	<b>0</b>	<b>327 340</b>	<b>0</b>	<b>327 340</b>

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Trade receivables include the contractual amounts for the settlement of trades and other obligations due to the Group. Trade and other payables and borrowings represent contract amounts and obligations due by the Group.

## 7. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

### 7.1. Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### a. Investment properties (Standing investments and Developments and lands)

The fair value of investment properties is determined by using valuation techniques. For further details of the judgments and assumptions made, see note 15.

#### b. Derivatives (Derivative financial assets and Derivative financial liabilities)

The fair value of derivatives is determined by using valuation techniques. For further details of the judgments and assumptions made, see note 6.6.

**7.2. Critical judgements in applying the Group's accounting policies****a. Functional currency**

In determining the functional currency of the subsidiaries, significant judgment is required as they operate in a dual currency environment (ie Euro and Polish zloty (PLN)). The Group has determined that the Polish zloty most faithfully represents the economic effects of the underlying transactions and events of the Polish subsidiaries and for the parent company, therefore PLN is functional currency. The Group's consolidated financial statements are presented in euros, which is presentation currency.

**8. Operating segments**

Till 2022 the Group has operated in one segment - commercial real estate for rent. In the second quarter of 2022, it started operating in a new segment - the residential properties for sale. The organization and management of the Group are divided into segments, taking into account the type of activity. As a result of the analysis of the aggregation criteria and quantitative thresholds, the following operating segments were disclosed in the Group's consolidated financial statements:

- Segment 1 - Commercial properties for rent - which includes the construction and lease of commercial properties owned by the Group;
- Segment 2 – Residential/PRS properties for sale - which includes the construction and sale of residential properties;
- Other segments - which cover the activities of the Group's entities and which do not fall within the scope specified in segments 1 and 2.

The measure of the financial result of individual operating segments of the Group, analysed by the Management Board of the Parent Company, are the segment's operating profit / loss determined in accordance with the principles of IFRS.

Revenues from transactions between segments are eliminated in the consolidation process. Sales between the segments will be carried out on an arm's length basis. In accordance with the principles applied by the Board of Directors of the Company to assess the performance of individual segments, revenue and margin are recognized in the segment's result at the time of sale outside the segment. Financial revenues and costs are not included in the financial result of individual segments.

2023	Commercial properties for rent	Residential properties for sale	Other	Eliminations and corporate	Total
<b>Net rental income</b>	<b>26 726</b>	<b>-1 172</b>	<b>-2</b>	<b>412</b>	<b>25 964</b>
Net result on disposals	0	0	0	0	0
Revaluation of standing investments, net	-29 928	0	0	12	-29 916
Revaluation of developments and land, net	7 772	0	0	0	7 772
Other depreciation, amortisation and impairments	-51	-3	0	-1	-55
Administrative expenses	-1 210	-156	-217	-84	-1 667
<b>Net operating profit</b>	<b>3 309</b>	<b>-1 331</b>	<b>-219</b>	<b>339</b>	<b>2 098</b>
Interest expenses, net				-15 807	-15 807
Foreign currency differences				15 873	15 873
Other financial result, net				-935	-935
<b>Profit before taxation</b>	<b>3 309</b>	<b>-1 331</b>	<b>-219</b>	<b>-530</b>	<b>1 229</b>
Taxation charge for the period				2 492	2 492
<b>Profit after taxation for the year</b>	<b>3 309</b>	<b>-1 331</b>	<b>-219</b>	<b>1 962</b>	<b>3 721</b>
<b>Total assets</b>	<b>662 386</b>	<b>5 398</b>	<b>62 579</b>	<b>-112 006</b>	<b>618 357</b>
<b>Total liabilities</b>	<b>421 941</b>	<b>6 633</b>	<b>61 692</b>	<b>-111 535</b>	<b>378 731</b>

2022	Commercial properties for rent	Residential properties for sale	Other	Eliminations and corporate	Total
<b>Net rental income</b>	<b>25 235</b>	<b>-26</b>	<b>22</b>	<b>-234</b>	<b>24 997</b>
Net result on disposals	170	0	0	0	170
Revaluation of standing investments, net	20 794	0	0	166	20 960
Revaluation of developments and land, net	-1 514	0	0	0	-1 514
Other depreciation, amortisation and impairments	7	-1	0	0	6
Administrative expenses	-1 525	-107	-316	-133	-2 081
<b>Net operating profit</b>	<b>43 167</b>	<b>-134</b>	<b>-294</b>	<b>-201</b>	<b>42 538</b>
Interest expenses, net				-12 067	-12 067
Foreign currency differences				-4 244	-4 244
Other financial result, net				8 955	8 955
<b>Profit before taxation</b>	<b>43 167</b>	<b>-134</b>	<b>-294</b>	<b>-7 557</b>	<b>35 182</b>
Taxation charge for the period				-8 462	-8 462
<b>Profit after taxation for the year</b>	<b>43 167</b>	<b>-134</b>	<b>-294</b>	<b>-16 019</b>	<b>26 720</b>
<b>Total assets</b>	<b>617 402</b>	<b>8 896</b>	<b>49 422</b>	<b>-89 844</b>	<b>585 876</b>
<b>Total liabilities</b>	<b>396 427</b>	<b>9 016</b>	<b>50 769</b>	<b>-88 785</b>	<b>367 427</b>

#### 9. Revenue from contracts with customers

The Company is domiciled in the Netherlands but does not generate revenue there. The Group's revenue is primarily generated from property assets, which are held by Group companies domiciled in the same country as the relevant asset is located, which is Poland.

Revenues are derived from a large number of tenants but there is one tenant or group under common control that contributes 10,1% of the Group's revenues.

Majority of Group's revenue recognised in relation to services to tenants is recognized at point of time.

#### 10. Net property expense less service charge income

	2023	2022
Service charge cost, net	882	971
Modernizations, repairs, renovations cost	285	436
Other property related costs	6 158	144
<b>Total</b>	<b>7 325</b>	<b>1 551</b>

Division of service charge cost, net:

	2023	2022
Service charge income	-12 842	-9 282
Service charge expenses	13 724	10 253
<b>Service charge cost, net</b>	<b>882</b>	<b>971</b>

#### 11. Administrative expenses

	2023	2022
Legal and consulting costs	457	389
Asset management services	147	622
Accounting, secretarial and administration costs	740	737
Taxes and other fees	66	37
Other	258	296
<b>Total</b>	<b>1 667</b>	<b>2 081</b>

#### 12. Interest expenses, net

	2023	2022
Interest income	-3 029	-1 905
Interest expense from lease	50	48
Interest expense from loans	13 670	9 973
Interest expense from bonds	5 105	3 936
Other	11	15
<b>Total</b>	<b>15 807</b>	<b>12 067</b>

#### 13. Other financial result, net

	2023	2022
Impairment of financial instruments	-1 464	1 730
Derivatives valuation results	654	8 052
Other financial expenses, net	-125	-827
<b>Total</b>	<b>-935</b>	<b>8 955</b>

#### 14. Income taxes

	2023	2022
Current tax	980	762
Deferred tax	-3 472	7 700
<b>Total</b>	<b>-2 492</b>	<b>8 462</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate (19%) on the applicable profits of the consolidated companies as follows:

	2023	2022
<b>Profit before income taxes</b>	<b>1 229</b>	<b>35 182</b>
<b>Tax calculated at domestic tax rates applicable to profits in the respective countries</b>	<b>234</b>	<b>6 685</b>
Tax effect on:		
Expenses not deductible for tax purposes	-2 726	1 777
<b>Total income tax</b>	<b>-2 492</b>	<b>8 462</b>
Effective tax rate	-203%	24%

The biggest not taxable amounts are related to cost of interests exceeding mPLN 3 limit, representation expenses and tax paid on investment property, even if the entity suffered loss in current period (minimal tax required by Polish law).

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*(All amounts in kEUR)*

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets	Investment property (land revaluation)	Accrued interest on borrowings	Tax losses	Other	Total
<b>1 January 2022</b>	<b>790</b>	<b>5 168</b>	<b>4 785</b>	<b>103</b>	<b>10 846</b>
(Charged) / credited to the income statement	278	2 314	-167	-47	2 378
Business combination	0	0	192	0	192
Effect of translation to presentation currency	-16	-115	-74	-1	-206
<b>Total</b>	<b>1 052</b>	<b>7 367</b>	<b>4 736</b>	<b>55</b>	<b>13 210</b>
Offsetting					-11 214
<b>31 December 2022</b>					<b>1 996</b>
(Charged) / credited to the income statement	-611	-2 349	2 439	979	458
Business combination	0	0	0	0	0
Effect of translation to presentation currency	57	-203	180	1 179	1 213
<b>Total</b>	<b>498</b>	<b>4 815</b>	<b>7 355</b>	<b>2 213</b>	<b>14 881</b>
Offsetting					-12 018
<b>31 December 2023</b>					<b>2 863</b>

Deferred tax liabilities	Investment property	Amortized cost of borrowings	Other	Total
<b>1 January 2022</b>	<b>34 337</b>	<b>1 629</b>	<b>154</b>	<b>36 120</b>
Charged / (credited) to the income statement	7 029	2 791	258	10 078
Effect of translation to presentation currency	-622	-71	-5	-698
<b>Total</b>	<b>40 744</b>	<b>4 349</b>	<b>407</b>	<b>45 500</b>
Offsetting				-11 214
<b>31 December 2022</b>				<b>34 286</b>
Deferred tax liabilities recognised following business				
Charged / (credited) to the income statement	-3 892	1 322	-444	-3 014
Effect of translation to presentation currency	2 996	-120	732	3 608
<b>Total</b>	<b>39 848</b>	<b>5 551</b>	<b>695</b>	<b>46 094</b>
Offsetting				-12 018
<b>31 December 2023</b>				<b>34 076</b>

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable in connection with retained earnings of subsidiaries, as the Group is able to control the timing of the reversal of the differences and it is probable the differences will not reverse in the foreseeable future.

There are no other significant unrecognised deferred tax assets and liabilities.

**15. Standing investments and Developments and lands**

The Group's investment properties (Standing investments and Developments and lands) are measured at fair value.

	31 December 2023		31 December 2022	
	Standing investments	Developments and lands	Standing investments	Developments and lands
<b>At the beginning of the reporting period</b>	<b>473 294</b>	<b>27 892</b>	<b>454 077</b>	<b>29 437</b>
Gains or Losses included in the revaluation of investment properties	-29 916	7 772	20 960	-1 514
Disposals	-774	0	-17	0
Construction, technical improvements and extensions	4 970	659	7 110	537
Transfers from developments and land to standing Investments	0	0	0	0
Currency translation difference	36 262	2 543	-8 836	-568
<b>At the end of the reporting period</b>	<b>483 836</b>	<b>38 866</b>	<b>473 294</b>	<b>27 892</b>

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

At the end of 2023 there were no projects (office buildings under construction) in Developments and lands, excluding land reserve (in 2022: none).

The borrowings are secured on investment property to the value of kEUR 716.367 (2022: kEUR 639.753, note 23). As the amount includes future interest payables it exceeds borrowings balance.

**Valuation processes**

The Group's investment properties were valued as at 31 December 2023 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Group reviews the valuations performed by the independent valuers for financial reporting purposes.

At each financial year-end the Group:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

**Information about fair value measurements using significant unobservable inputs (Level 3) for 2023**

The value of investment property implies an average theoretical net yield of 6,39% (2022: 6,2%). Valuations can be affected by the general (macro-economic and market environment), but also by local factors.

If, on 31 December 2023, the yields applied for the valuation of investment property had been 100 basis points lower than the yields currently applied (2022: 100 bps lower), the value of investment property would increase by 18,9% (2022: 19,3%). In that case the Group's equity would be kEUR 92.349 higher due to a higher positive result (2022: 73.922 higher).

If, on 31 December 2023, the yields applied for the valuation of investment property had been 100 basis points higher than those currently applied (2022: 100 bps higher), the value of investment property would decrease by 13,7% (2022: 13,9%). In that case the Group's equity would be kEUR 66.776 lower due to a lower result for the year (2022: 53.245 lower).

Revenues are derived from a large number of tenants but there is one tenant or group under common control that contributes 10,1% of the Group's revenues.

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase in future rental values. An increase in the future rental income may be linked with higher costs. If the remaining lease term increases the yield may decrease.

**Valuation techniques underlying management's estimation of fair value**

For office properties with a total carrying amount of kEUR 483.836 (2022: kEUR 473.294), the valuation was determined using discounted cash flow (DCF) projections based on significant unobservable inputs (excluding land valued with comparative method – kEUR 38.866, 2022: kEUR 27.892). The main input is net yield, which is affected by:

**Future rental cash inflows** – based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;

**Discount rates** – reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

**Risk premium** – the risk premium is the difference between the expected return on a market portfolio and the risk-free rate;

**Estimated vacancy rates** – based on current and expected future market conditions after expiry of any current lease;

**Maintenance costs** – including necessary investments to maintain functionality of the property for its expected useful life; and

**Terminal value** – taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

There were no changes to the valuation techniques during the year.

## 16. Financial assets at fair value through profit or loss and other comprehensive income

### 16.1. Financial assets at fair value through other comprehensive income (FVOCI)

The Group didn't hold FVOCI assets during current and previous reporting periods.

### 16.2. Financial assets at fair value through profit or loss (FVPL)

Derivative financial instruments are classified by the Group as financial assets at FVPL in accordance with IFRS 9.

Fair value changes and adjustments due to changes in estimated cash flows are recognised within net change in fair value of financial assets at FVPL.

Details about derivative financial instruments are included in note 20.

## 17. Inventories

The Group has a division that develops residential property, which it sells in the ordinary course of business. These properties are presented as inventories.

A summary of movement in inventories is set out below:

	2023	2022
<b>Beginning of the year</b>	<b>6 369</b>	<b>0</b>
Development costs incurred	2 514	6 369
Disposals (recognised in net result on disposal)	-6 802	0
Effect of currency translation	314	0
<b>End of the year</b>	<b>2 395</b>	<b>6 369</b>

The amounts recognised in cost of sales for the year are as follows:

	2023	2022
In respect of sale of property under development	2 610	0
In respect of sale of completed property	4 192	0
Amortisation of contract cost assets	0	0
<b>Total</b>	<b>6 802</b>	<b>0</b>

## 18. Receivables from tenants

	31 December 2023	31 December 2022
Receivables from tenants gross (fall due in 1 year)	5 597	4 704
Less: Provision for impairment	-188	-131
<b>Total</b>	<b>5 409</b>	<b>4 573</b>

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values.

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of tenants.

In 2023 the Group hasn't recognised any loss relating to the impairment of its trade receivables (2022: kEUR 44). The loss is included in other depreciation, amortisation and impairments in the statement of comprehensive income.

Movements in the accumulated impairment losses on trade receivables were as follows:

	2023	2022
<b>Beginning of the year</b>	<b>131</b>	<b>87</b>
Impairment losses recognized	51	44
Effect of currency translation	6	0
<b>End of the year</b>	<b>188</b>	<b>131</b>

The allocation of the carrying amount of the Group's trade receivables by foreign currency is presented in note 6.2.

## 19. Other financial assets and other assets

Other financial assets consists mainly of restricted cash receivables arising from financing contracts. Resources will be released after repayment of long-term financing.

Other assets consists mainly of prepaid expenses, lease incentives, tax receivables and other receivables not qualified as financial instruments.

## 20. Derivative financial instruments

	31 December 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps and CAP options	5 382	1 254	10 738	0
Forward foreign exchange contracts	0	0	0	3 148
<b>Total</b>	<b>5 382</b>	<b>1 254</b>	<b>10 738</b>	<b>3 148</b>

The Group does not apply hedge accounting in accordance with IFRS 9. Nevertheless, interest rates swaps, CAP options and forward exchange contracts are part of economic hedge relationships. Interest rate swaps and CAP options are used to fix the interest payments of variable debt instruments. Forward exchange contracts are used to hedge forecast transactions and foreign currency borrowings against foreign currency risks.

There were no outstanding forward foreign exchange contracts as at 31 December 2023 (2022: kEUR 36.061). The notional principal amounts of the outstanding interest rate swap and CAP options as at 31 December 2023 were kEUR 217.813 (2022: kEUR 172.659).

Maturity dates of financial instruments are presented below:

Entity	Type of hedging transaction	Maturity date	Notional value kEUR
Olivia Star SA	CAP	30.01.2024*	54 948
Olivia 4 SA	CAP	15.12.2025	16 641
Olivia 4 SA	CAP	15.12.2025	3 270
Olivia Prime B Sp. z o.o.	IRS	30.11.2026	29 282
Olivia Gate Sp. z o.o.	IRS	13.08.2026	23 816
J-Home SA	IRS	13.08.2026	23 364
Olivia Point & Tower Sp. z o.o.	IRS	27.12.2025	27 329
Olivia Seven Sp. z o.o.	IRS	31.12.2024	39 163

\* In January 2024, the company concluded a series of IRS transactions hedging the volatility of the EURIBOR rate for the period until January 2027

## 21. Non-current assets classified as held for sale

The Group did not classify any assets as held for sale.

## 22. Issued share capital

The total authorised number of ordinary shares is 1.880.099 (2022: 1.880.099) with a par value of EUR 100 per share (2022: EUR 100 per share). All issued shares are fully paid (2022: all fully paid).



### 23. Borrowings

All the Group's borrowings are at floating rates of interest. Interest costs may increase or decrease as a result of changes in the interest rates.

	31 December 2023	31 December 2022
<b>Loans and bonds</b>	<b>62 045</b>	<b>45 136</b>
long term	46 748	45 101
short term	15 297	35
<b>Bank loans</b>	<b>267 204</b>	<b>271 091</b>
long term	220 680	225 743
short term	46 524	45 348
<b>Total</b>	<b>329 249</b>	<b>316 227</b>

The borrowings include amounts secured on investment property to the value of kEUR 716.367 (2022: kEUR 639.753) (note 15). As the amount includes future interest payables it exceeds borrowings balance.

The fair value of borrowings approximated their carrying value at the date of the consolidated statement of financial position.

The borrowings are repayable as follows:

	31 December 2023		31 December 2022	
	Loans and bonds	Bank loans	Loans and bonds	Bank loans
Due within one year	15 297	46 524	35	45 348
Due in second year	20 191	61 687	21 375	118 005
Due within third to fifth year	26 557	158 993	23 726	83 822
Due after five years	0	0	0	23 916
<b>Total</b>	<b>62 045</b>	<b>267 204</b>	<b>45 136</b>	<b>271 091</b>

The carrying amounts of the Group's borrowings denominated in foreign currencies are disclosed in note 6.2.

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2023:

	Loans and bonds	Bank loans	Total
<b>1 January 2022</b>	<b>43 710</b>	<b>271 877</b>	<b>315 587</b>
Proceeds from borrowings	9 561	5 129	14 690
Repayments of borrowings	-9 028	-6 495	-15 523
Other movements	1 549	1 722	3 271
Exchange rate differences	-656	-1 142	-1 798
<b>31 December 2022</b>	<b>45 136</b>	<b>271 091</b>	<b>316 227</b>
Proceeds from borrowings	20 829	39 807	60 636
Repayments of borrowings	-12 341	-60 625	-72 966
Other movements	5 227	12 139	17 366
Exchange rate differences	3 193	4 792	7 985
<b>31 December 2023</b>	<b>62 045</b>	<b>267 204</b>	<b>329 249</b>

Bank loans are monitored based on various indicators (bank covenants). Investment loans are monitored by debt service coverage ratio (DSCR) and loan to value ratio (LTV), construction loans are monitored by interest service coverage ratio (ISCR) and loan to cost ratio (LTC). All covenants at the end of 2023 and 2022 were at a safe level and there were no breaches.

Details regarding bank covenants in particular entities are presented below:

	Historical DSCR	period	Forecasted DSCR	period	LTV	Other
<b>Olivia Seven Sp. z o.o.</b>	120%	12M	120%	12M	70% during the loan agreement	Equity including subordinated debt above 0
<b>Olivia Gate Sp. z o.o., J-Home SA</b>	135%	12M	135%	6M	70% - in the following next 24 months of bank loan - 2 percentage point lower in next two years;	Equity including subordinated debt above 0 and the Average Occupancy Rate will not be lower than 80%
<b>Olivia Prime B Sp. z o.o.</b>	120%	12M	120%	6M	65% during the loan agreement	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital
<b>Olivia Point&amp;Tower Sp. z o.o.</b>	120%	12M	120%	6M	67% in 2023, 66,25% in 2024, 65,50% in 2025, 64,75% in 2026 and 64% in 2027	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital
<b>Olivia 4 SA</b>	120%	12M	120%	12M	65% - in the following next 12 months of bank loan - 1 percentage point lower	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital and the Average Occupancy Rate will not be lower than 85%
<b>Olivia Star SA</b>	120%	12M	120%	12M	60% - in the following next 12 months of bank loan - 1 percentage point lower	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital and the Average Occupancy Rate will not be lower than 80%

#### 24. Trade and other payables

	31 December 2023	31 December 2022
Trade payables	3 274	3 338
Payables connected with development/construction	1 958	2 014
<b>Total</b>	<b>5 232</b>	<b>5 352</b>

The estimated fair values of the above financial liabilities are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts.

The allocation of the carrying amount of the Group's trade and other payables by foreign currency is presented in note 6.2.

#### 25. Other financial liabilities and other liabilities

Other financial liabilities consists mainly of deposits received from tenants and from service providers.

Other liabilities consists mainly of tax payables and other liabilities not qualified as financial instruments.

#### 26. Dividends

The Company did not pay nor declare dividend for the periods covered by the financial statements.

#### 27. Business combinations

In 2023 there was a merger of two entities own by the Group – Olivia Complex Sp.z o.o. and OBC Sp.z o.o.

In Q2 2022, the Company acquired 100% of shares in the share capital of Olivia Home Platynowa Park Sp. z o.o. (formerly Tec Trade Sp.z o.o.), a company with the Platynowa Park residential property project and 100% of shares in the share capital of TP3 Sp. z o.o., which is the owner of a land property intended to be used for a residential investment. At the end of 2022 the Group acquired 100% of financing entity OBC Sp. z o.o.

Additionally, on June 22, 2022, the group acquired 100% of shares in the share capital of Brillant 3756. GmbH with its seat in Berlin. The company does not currently conduct any economic activity. As at the time of the acquisition of the company, the assets amounted to kEUR 25 and consisted of cash in the company's bank account. The purchase price was kEUR 28.

The acquisitions were transaction under common control as the ultimate controlling party for all involved entities is Mr. Maciej Grabski.

**28. Contingencies and commitments**

The Group has no material contingencies or commitments that would require disclosure (as at 31 December 2022: none).

**29. Related party transactions**

The Group's parent company is TONSA SCA SICAV-RAIF (incorporated in Luxembourg), which owns directly and through other subsidiaries 100% of the Company's shares. The Group's ultimate controlling party is Mr. Maciej Grabski. The Group had no material transactions with the parent company.

All transactions with related parties were conducted at arm's-length principle.

Transactions carried out in 2023 or balances outstanding as at 31 December 2023 with related parties (which are entities controlled by the same ultimate owner) are presented below:

	Loans given	Trade and other receivables	Borrowings	Trade and other payables	Sales	Purchases
TONSA S.A. - SICAF-RAIF	1	0	374	19	0	0
AZO DIGITAL Sp. z o.o.	121	0	0	0	0	0
B1-OP3 Sp.z o.o. SKA	6 592	0	0	0	2	0
BMP1 Sp. z o.o.	0	0	0	19	1	160
Construction+ Sp. z o.o.	1 726	7	0	1 027	23	600
Fundacja Gdańsk Global	732	498	0	0	1 962	1
GPT Invest Sp z o.o.	533	0	0	0	1	0
Maintenance+ Sp. z o.o.	0	323	0	716	3	3 992
Olivia Serwis Sp. z o.o.	5 239	1 978	0	291	2 875	1 797
Olivia Six Sp. z o.o.	63	223	33	132	1	0
PSDW Sp. z o.o.	1 611	0	0	0	0	0
RS Sp. z o.o.	3 993	0	0	0	2	0
Security+ Sp. z o.o.	0	1	0	330	69	1 003
STE Sp. z o.o.	1 208	0	0	0	1	0
TP2 Sp. z o.o.	1 342	0	0	0	0	0
Olivia Home Sp. z o.o.	132	0	0	64	38	135
Other	0	31	0	68	45	109
<b>Total</b>	<b>23 292</b>	<b>3 060</b>	<b>407</b>	<b>2 666</b>	<b>5 024</b>	<b>7 797</b>

Transactions carried out in 2022 or balances outstanding as at 31 December 2022 with related parties are presented below:

	Loans given	Trade and other receivables	Borrowings	Trade and other payables	Sales	Purchases
TONSA S.A. - SICAF-RAIF	0	1	320	16	0	0
AZO DIGITAL Sp. z o.o.	104	0	0	0	0	0
B1-OP3 Sp.z o.o. SKA	5 321	0	0	0	2	0
BMP1 Sp. z o.o.	0	0	0	2	1	138
Construction+ Sp. z o.o.	1 783	2	0	278	25	1 159
Fundacja Gdańsk Global	6	627	0	18	1 659	53
GPT Invest Sp z o.o.	436	1	0	0	1	0
Maintenance+ Sp. z o.o.	527	2	0	678	15	3 405
Olivia Serwis Sp. z o.o.	2 970	1 741	0	1 102	2 631	1 671
Olivia Six Sp. z o.o.	59	208	39	122	1	0
PSDW Sp. z o.o.	1 404	0	0	0	0	0
RS Sp. z o.o.	3 618	0	0	0	2	0
Security+ Sp. z o.o.	0	2	0	192	62	792
STE Sp. z o.o.	1 037	1	0	0	1	0
TP2 Sp. z o.o.	1 217	0	0	0	0	0
Olivia Home Sp. z o.o.	112	208	0	131	32	317
Other	0	13	0	39	13	87
<b>Total</b>	<b>18 594</b>	<b>2 806</b>	<b>359</b>	<b>2 578</b>	<b>4 445</b>	<b>7 622</b>

Sales are mainly related to office space rental. Purchases are mainly related to accountancy, law and advisory services, marketing services, services related to the ongoing maintenance of common parts in the facilities and the coordination of construction and arrangement works.

The management boards of the Group companies in 2023 received compensation in the amount of kEUR 149 (kEUR 77 in 2022). Compensation for other key management amounted to kEUR 874 in 2023 and kEUR 745 in 2022.

### 30. Other disclosures

The Group's employees comprise of members of the management boards and staff responsible for key processes like commercialization, investments and legal.

The fees for auditors regarding IFRS consolidated financial statement and company only financial statement amounted to kEUR 129 in 2023 and kEUR 116 in 2022 and concerned only audit procedures. Amounts do not include VAT tax.

The fees listed above relate to the procedures applied to the company and its consolidated group entities by external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties Wta') as well as by Dutch and foreign based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the financial statements of the financial year, regardless of whether the work was performed during the financial year.

### 31. Events after the balance sheet date

In the first half of 2024 Olivia Complex Sp. z o.o. has started the construction of the first investment, Olivia 10 (PRS building for sale).

On 22 February 2024 Tonsa SCA, SICAV – RAIF sold to Tonsa Commercial REI N.V. 200 shares of nominal value amount to PLN 10,000.00 in Materida Sp. z o.o., (sole shareholder).

On 9 May 2024 The Court registered Olivia Home Leśna Sp.z o.o. with sole shareholder Tonsa Commercial REI N.V..

On 17<sup>th</sup> of May the construction site and land for new investment was sold by Olivia Complex Sp.z o.o. to sister Company Materida Sp.z o.o. who will be conducting the investment.

In the period from December 31, 2023 to the approval of this report by the Management Board, Olivia Fin Sp. z o.o. SKA issued (in addition to the active 3rd bond issue program) an additional series of A24 bonds for a total amount of EUR 7 million. The bonds in this series are secured by a new guarantee from Tonsa Commercial REI NV, and the maturity date of this series is later than that of all previous issues of active bonds at the end of 2023 in this company. Moreover, in the period from December 31, 2023 to the approval of this report by the Management Board, the company carried out early redemption of series G bonds worth PLN 20 million, series H bonds worth PLN 21.718 million and series J bonds worth PLN 11.214 million.

On 17 April 2024, a resolution was adopted by the Extraordinary Meeting of Shareholders of Olivia Fin Sp. z o. o. SKA, pursuant to which the company's share capital was increased from PLN 150,000.00 to PLN 170,000.00, i.e. by the amount of PLN 20,000.00 through the issue of 400 registered and non-preference series "D" shares with a nominal value PLN 50.00 each share. All shares were acquired by the current sole shareholder, i.e. Tonsa Commercial REI N.V. based in Rotterdam, which covered them with a cash contribution in the amount of PLN 2,000,000.00.

In December 2023 Issuer (Olivia Fin Sp. z o.o. SKA) adopted resolution to establish the 4th Bond Issue Program, under which the company will be entitled to issue, in one or more series, bonds with a total nominal value of issued and unredeemed bonds not higher than PLN 150 million or the equivalent of this amount in EUR. As at the date of signing this financial statement the Polish Financial Supervision Authority didn't approved the prospectus. The 4<sup>th</sup> Bond Issue Program will be valid within 12 months from the approval of the prospectus by the Polish Financial Supervision Authority

During the first quarter of 2024, Olivia Star SA increased financing by EUR 8.6 million The funds were mainly used for partial repayment of loans obtained from Olivia Fin Sp. z o. o. SKA. Moreover, all security has been established in favor of the banks financing Olivia Star for the next financing period. In April 2024, the company received confirmation from the financing banks (Santander Bank Polska SA, BNP Paribas Bank Polska SA and Bank Millennium SA) that the financing granted meets international Loan Market Association (LMA) requirements in the field of sustainable financing for green projects.

No other material events have occurred since the balance sheet date, which would require adjustment to, or disclosure in the financial statements of the Group.

**Company financial statements  
for to the year ended 31 December 2023**

**Company balance sheet as at 31 December 2023**

	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>241 045</b>	<b>219 920</b>
Subsidiaries	2	241 045	219 920
<b>Current assets</b>		<b>228</b>	<b>191</b>
Inventory		3	3
Debtors	3	-9	3
Short term receivable from subsidiaries	4	171	171
Cash and cash equivalents	5	63	14
<b>TOTAL ASSETS</b>		<b>241 273</b>	<b>220 111</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>6</b>	<b>240 829</b>	<b>219 696</b>
Share capital		188 010	188 010
Share premium		137	137
Foreign currency translation reserve		-3 411	-14 001
Retained earnings		45 550	18 830
Result for the year		3 721	26 720
<b>Non-current liabilities</b>		<b>315</b>	<b>315</b>
Long term borrowings from shareholders	7	315	315
<b>Current liabilities</b>		<b>129</b>	<b>100</b>
Short term borrowings from shareholders	8	38	18
Short term borrowings	9	21	19
Trade and other payables	10	3	1
Accrued expenditure	11	67	62
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>241 273</b>	<b>220 111</b>

**Company income statement for the year ended 31 December 2023**

	Note	01-01-2023 31-12-2023	01-01-2022 31-12- 2022
Gross income	12	260	193
Salaries and social premiums	13	-37	-34
Other costs	15	-189	-136
Interest expenses	16	-18	-7
<b>Profit before taxation</b>		<b>16</b>	<b>16</b>
Dividend from subsidiaries		0	213
Result from subsidiaries		3 705	26 491
Taxation charge for the period		0	0
<b>Profit after taxation for the year</b>		<b>3 721</b>	<b>26 720</b>

## Notes to the Company financial statements

### 1. General information

Tonsa Commercial REI N.V. (the Company) exclusively performs holding activities. The Company's structure as described in the notes to the consolidated financial statements also applies to the Company financial statements.

#### The accounting standards used to prepare the financial statements

The company-only financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The principles of measurement and determination of the result are the same for the company annual accounts and the consolidated annual accounts. Participating interests in group companies are measured according to the net asset value in accordance with the relevant section of the consolidated financial statements.

For the principles for the measurement of assets and liabilities and for the determination of the result, reference is made to the principles of measurement and determination of result as included in the notes to the consolidated balance sheet and profit and loss account.

The financial year of the Company runs from 1 January 2023 till 31 December 2023.

#### Principles of determination of the result

The company financial statements have been prepared in accordance with Article 362 Paragraph 8 Book 2 of the Dutch Civil Code. This means that the principles for the processing and valuation of assets and liabilities and the determination of the result as described in the disclosure to the consolidated financial statements also apply to the company financial statements, unless stated otherwise. For a description of these principles, please refer to note 5 of the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. If required notes have been incorporated in the consolidated financial statements these notes have not been incorporated here.

#### Shares in consolidated subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

The acquisitions are recognized at the carrying value as per the date of acquisition. Any adjustment to the fair market value against which they are legally acquired, has been dealt with through the retained earnings.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the profit and loss account.

A provision has been created for unrealized gains of the subsidiaries.

#### Result from subsidiaries

Result from subsidiaries is recognized as of the date of acquisition.



## 2. Non-current Assets

<b>1 January 2023</b>	<b>219 920</b>
Acquisitions in 2023	-
Increase share capital	8
Currency result	17 412
Result for the period	3 705
<b>31 December 2023</b>	<b>241 045</b>
<b>1 January 2022</b>	<b>196 772</b>
Acquisitions in 2022	464
Currency result	-3 807
Result for the period	26 491
<b>31 December 2022</b>	<b>219 920</b>

## 3. Debtors

All receivables are due within one year. The fair value approximates the carrying value.

## 4. Short term receivable from subsidiaries

All receivables are due within one year. The fair value approximates the carrying value. There are no securities granted and there is no interest charged on these short term receivables.

## 5. Cash and cash equivalents

All cash and cash equivalents are at the Company's free disposal.

## 6. Equity

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Profit for the year	Total
<b>1 January 2023</b>	<b>188 010</b>	<b>137</b>	<b>-14 002</b>	<b>18 830</b>	<b>26 720</b>	<b>219 696</b>
Profit for the year	0	0	0	0	3 721	3 721
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3 721</b>	<b>3 721</b>
Foreign currency translation	0	0	17 413	0	0	17 413
Contribution	0	0	0	0	0	0
Profit appropriation – 2023	0	0	0	26 720	-26 720	0
Business combination	0	0	0	0	0	0
<b>31 December 2023</b>	<b>188 010</b>	<b>137</b>	<b>3 411</b>	<b>45 550</b>	<b>3 721</b>	<b>240 829</b>
<b>1 January 2022</b>	<b>187 710</b>		<b>-10 194</b>	<b>8 705</b>	<b>10 125</b>	<b>196 346</b>
Profit for the year	0	0	0	0	26 720	26 720
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26 720</b>	<b>26 720</b>
Foreign currency translation	0	0	-3 808	0	0	-3 807
Contribution	300	137	0	0	0	437
Profit appropriation	0	0	0	10 125	-10 125	0
Business combination	0	0	0	0	0	0
<b>31 December 2022</b>	<b>188 010</b>	<b>137</b>	<b>-14 002</b>	<b>18 830</b>	<b>26 720</b>	<b>219 696</b>

As per 31 December 2023 the authorised share capital of the Company amounts to EUR 226.670.800 (two hundred twenty-six million six hundred seventy thousand eight hundred Euros), while the issued and paid up capital amounts to EUR 188.010 (one

hundred eighty-eight million and ten thousand Euros). The issued share capital consists of 188.010 ordinary shares with a nominal value of EUR 100,00 each.

For further details on movements in shareholders' equity, please refer to the consolidated financial statements (see note 22 to the consolidated financial statements).

### Statutory reserves

The statutory reserves (Foreign currency translation reserve) in the company balance sheet are reserves which must be retained pursuant to the Dutch Civil Code and consist of the foreign currency translation reserve.

### Foreign currency translation reserve

The reserve for foreign currency translation contained all exchange rate differences resulting from the conversion of the annual financial statements of international activities in PLN (see note 5.4 to the consolidated financial statements).

The reserve according to the consolidated statements amounts kEUR 2 635.

The reserve according to the stand alone statements amounts kEUR 3 411.

The difference lies in the fact that the Company was only incorporated as per 14 November 2018. The subsidiaries were acquired gradually during 2019. For consolidation purposes the full 2019 results were incorporated, for Company purposes the results as of the moment of acquisition.

### Retained earnings

The Company has applied the business combination under common control assumption for the consolidated financial statements. The profit after taxation according to the Company statement of income for the year 2023 is kEUR 7.721.

### Proposed profit appropriation

The Articles of Association of the Company stipulate that the allocation of the result after tax for the financial year is determined by the General Meeting of Shareholders.

In anticipation of a decision on the matter by the General Meeting of Shareholders the non-allocated result after tax for the financial year is accounted for separately in equity as the result for the financial year.

## 7. Non-current liabilities

<b>1 January 2023</b>	<b>315</b>
New loans	0
<b>31 December 2023</b>	<b>315</b>

<b>1 January 2022</b>	<b>315</b>
New loans	0
<b>31 December 2022</b>	<b>315</b>

The loans were granted by the shareholder. kEUR 315 will be due within 1 year. Interest rate for both loans is set at 3-month Euribor +2%. No securities have been pledged.

The fair value approximates the book value.

## 8. Short term borrowings

The short term borrowings are due within one year.

## 9. Trade and other payables

The trade and other payables are due within one year.

## 10. Short term borrowings from shareholders

The short term borrowings from shareholders consist of prepaid expenses and interest payable. There are no contractual stipulations regarding the short term borrowings from shareholders. The fair value approximates the book value. The current liabilities fall due within one year.

**11. Accrued expenditure**

The other expenditures are due within one year.

**12. Gross income**

The revenue of the company is a guarantee fee on bonds, which is charged per day.

**13. Directors' remuneration**

During the financial year Mr. J.E. Missaar received a director's salary of kEUR 32 (2022: 29). Social security premium cost related to it was kEUR 5 (2022: 5), so total cost of Salaries and social premiums amounted kEUR 37 (2022: 11).

Mr. M. Leininger received a fee, of kEUR 20, which is included in Administrative expenses - Accounting, secretarial and administration costs (2022: kEUR 20 respectively).

**14. Employees**

The Company had 1 employee during the financial year. The Employee worked the full year 2023 with a part time factor of 20%. No one were employed outside the Netherlands (2022: The employee worked the full year with a part time factor of 20%).

**15. Other costs**

	01-01-2023 31-12-2023	01-01-2022 31-12-2022
Legal and consulting costs	32	-10
Audit costs	82	49
Accounting, secretarial and administration costs	66	55
Other	9	42
<b>Total</b>	<b>189</b>	<b>136</b>

**16. Interest expenses**

The interest paid to the shareholder in 2023 is kEUR 000 (2022 kEUR 5).

There was no interest income in the year 2023.

**17. Audit fees**

<i>(amounts do not include VAT tax)</i>	01-01-2023 31-12-2023	01-01-2022 31-12-2022
Audit of the financial statements	67	62
Other audit procedures	0	0
Tax services	0	0
Other non-audit fees	0	0
<b>Total</b>	<b>67</b>	<b>62</b>

The fees listed above relate to the procedures applied to the company and its consolidated group entities by external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties Wta') as well as by Dutch and foreign based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the financial statements of the financial year, regardless of whether the work was performed during the financial year.

**18. Contingencies and commitments**

The Company has pledged the shares which are being held in the following participations:

<b>Company</b>	<b>Pledgee</b>	<b>Maximum amount (in EUR *1,000)</b>
Olivia Prime B Sp.z.o.o.	Alior Bank S.A.	97.421
Olivia Gate Sp.z.o.o.	ING Bank Śląski S.A.	84 487
Olivia Point & Tower Sp. z o. o.	Santander Bank Polska S.A.	64 395
Olivia Seven Sp.z.o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	96 000
Olivia Star S.A.	Santander Bank Polska S.A., BNP Paribas Bank Polska S.A. and Bank Millenium S.A.	125 735*
Olivia 4 S.A.	Bank Millenium S.A.	44 252
J-Home S.A.	ING Bank Śląski S.A.	84 487
<b>Total</b>		<b>596 777</b>

\* change from 22/01/2024: kEUR 123 957

All agreements include market standard provisions on such pledges, which are:

- 1) All pledges are registered in court,
- 2) All pledges are also financial pledges in the meaning of art. 7 Act of 2 April 2004 on certain financial collaterals,
- 3) Each Pledge is established with the highest priority of satisfaction,
- 4) Information on every pledge is disclosed in register of shareholders,
- 5) The Pledgee may exercise the corporate rights resulting from shares in certain situations,
- 6) The Pledgor may not dispose of or encumber the shares in different way,
- 7) All pledges are complimented with statement on voluntary submission to execution in the meaning of Art. 777 § 1 item 6 Polish Civil Code,
- 8) Upon the occurrence of an Event of Satisfaction, the Pledgee may proceed to enforce the pledges by way of taking possession of the shares or by way of their sale in a public tender.

**19. Events after the date of the Company statement of financial position**

We refer to the consolidated financial statements: note 31 for subsequent events.

The Board of Directors,

M. Grabski

D. Luksenburg

M. Leininger

J. Missaar

Rotterdam, 29 May 2024

## **Other Information**

### **Provision in the Articles of Association relating to profit appropriation**

Article 31 of the articles of association states:

- The profits shall be at the disposal of the general meeting;
- The Company can only make distributions to the extent its equity exceeds the paid and called up part of the capital increased with the reserves which must be maintained pursuant to the law;
- Dividends shall be paid after the adoption of the annual accounts evidencing that the payment of dividends is lawful.

- Independent Auditor's report