

INTERIM REPORT

TONSA COMMERCIAL REI N.V.

For the period from 01.01.2022 to 30.06.2022

Rotterdam, 29.09.2022

Rotterdam, 2022-09-28

STATEMENT

Board of Directors of TONSA Commercial REI N.V. ("Company", "Guarantor") as the parent company for 100% subsidiaries, which are capital companies based in Poland and forming a capital group ("Group", "Guarantor's Group"), declares that, to the best of its knowledge, Group's half-year condensed consolidated financial statements and comparable data:

- have been prepared in accordance with the applicable accounting principles;
- they reflect in a true, reliable and clear manner the assets and financial position of the Group and its financial result;
- the half-year report on the Group's activities presents a true picture of the development and achievements as well as the situation of the Group, including a description of the main threats and risks.

Board of Directors,

M. Grabski

D. Luksenburg

M. Leininger

J. E. Missaar

Board of Directors report of TONSA COMMERCIAL REI N.V for the period from 1 January to 30 June 2022.

I. Basis for preparation of half-year condensed financial statements.

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union (EU).

Most of the Group's entities keep their accounts in accordance with the accounting principles set out in the Polish accounting principles. These interim condensed consolidated financial statements contain a number of adjustments not included in the books of the Group companies, which were introduced to bring the financial statements of these companies into line with EU IFRS.

The Group has decided to present the condensed interim consolidated statement of comprehensive income as a one statement and presents its costs by nature.

II. Description of the activities of the Guarantor and the Guarantor's Group as well as the main threats and risks relevant to the assessment of the ability to meet obligations resulting from debt financial instruments issued by a company from the Guarantor Group.

TONSA Commercial REI N.V. is a limited liability company founded on 13 November 2018 by Tonsa SCA SICAF - RAIF (current name: TONSA SCA, SICAV RAIF), a company incorporated in Luxembourg. The company was registered with the Commercial Register of the Dutch Chamber of Commerce under number 73088870 and has its seat in Rotterdam, the Netherlands and an office in Oslo 1, 2993LD Barendrecht. The company has one shareholder: TONSA SCA SICAV RAIF based in Luxembourg in the Grand Duchy of Luxembourg, owner of 100% of the issued share capital. On 20 January 2022, OPOKA II FUNDUSZ INWESTYCYJNY ZAMKNIĘTY sold all the Company's shares to TONSA SCA SICAV RAIF, which became the sole shareholder of the Company. The company does not exceed the thresholds, therefore the requirements for certain structures required by Dutch law ("structuurvennootschap") do not apply

Share Capital

As per 30 June 2022 the share capital of the Company amounts to EUR 188.009.900 and is fully paid (the increase, which took place in the first half of 2022, took place in return for an in-kind contribution of shares in Olivia Home Platynowa Park Sp. z o.o. and TP3 Sp. z o.o.). The issued share capital consists of 1.880.099 ordinary shares with a nominal value of EUR 100.00 each.

Business description

The company is the parent company for 100% subsidiaries, which are capital companies based in Poland, dealing primarily with the construction, development and maintenance of office buildings in Poland (office buildings jointly form the Olivia Business Centre, a commercial business park located in Gdańsk) and the implementation of housing projects in Poland.

The Olivia Business Centre investment property portfolio is located in the Gdańsk Metropolitan Area and accounts for approx. 20% of the region's office market, with a high level of commercialization - 93% at the end of June 2022. The Group has a diversified portfolio of approx. 100 tenants, mainly international and domestic.

As at 30 June 2022, the Company had the following direct or indirect subsidiaries, all based in Gdańsk:

- "Olivia Gate" Spółka z ograniczoną odpowiedzialnością,
- "Olivia Point&Tower" Spółka z ograniczoną odpowiedzialnością,
- "Olivia 4" Spółka Akcyjna (formerly: Olivia Business Centre Spółka z ograniczoną odpowiedzialnością Olivia 4 Spółka komandytowa),
- "Olivia Star" Spółka Akcyjna (formerly: Biała „OP3” Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-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 (formerly: "Olivia Nine" Spółka z ograniczoną odpowiedzialnością),
- Olivia Fin Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna (formerly: "OG" – Olivia Business Centre Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna)
- Olivia Home Platynowa Park Sp. z o.o. (formerly: Tec Trade Sp. z o.o.)

- TP3 Sp. z o.o.
- Brillant 3756. GmbH

During the first half of 2022, Olivia Home Platynowa Park Sp. z o.o., TP3 Sp. z o.o and Brillant 3756. GmbH became part of the Group.

The condensed interim consolidated financial statements for the first half of 2022 contain the consolidated financial information of the Company and all its subsidiaries.

Group policies and strategy

The most important elements of the Group's policies to date are:

- continue the growth of the Group's main asset, the Olivia Business Centre, by increasing the number of lease agreements and further commercialize the buildings;
- prudently seeking for further opportunities in the office market, as well as entering the residential market on new plots and the Group's land reserves and within the legal opportunities and market expectations.

The Group has a long-term investment strategy for its real estate investments and monitors the risks associated with its operations. The organizational structure and corporate strategy focus on maximizing shareholder return with a conservative risk appetite. 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 results of the Company and its direct and indirect subsidiaries are closely connected with the situation on the Polish commercial real estate market, more specifically 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.

Board of Directors 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.

Turnover and results

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

All amounts in thousands of EUR	01-06/2022	01-06/2021	Change
Gross rental income	12 619	12 302	3%
Service charge income	4 630	4 601	1%
Net property expenses	-5 179	-5 490	-6%
Net rental income	12 070	11 413	6%
Revaluation of standing investments, net	-51	8	n/a
Profit on sale of fixed assets	171	0	n/a
Revaluation of developments and land, net	0	0	n/a
Other depreciation, amortisation and impairments	0	114	n/a
Administrative expenses	-931	-659	41%
Net operating profit	11 259	10 876	4%
Interest expenses, net	-5 452	-4 378	25%
Foreign currency differences	-4 053	5 634	n/a
Other financial expenses, net	3 370	-718	n/a
Profit before taxation	5 125	11 414	-55%
Taxation charge for the period	-1 192	-1 902	-37%
Profit after taxation for the year	3 933	9 512	-59%
Exchange differences on translation of foreign operations	-3 369	3 939	n/a

Other comprehensive income	564	13 450	-96%
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The Group's operating income includes rental income, fees for services and management of real estate, and sale of real estate.

The Group's gross rental income for the first half of 2022 was 3% higher compared to the first half of 2021. The net rental income for the first half of 2022 amounted to EUR 12.070 thousand and was 6% higher compared to the first half of 2021 (EUR 11.413 thousand). The increase in gross and net rental income was mainly due to further commercialization of the Group's buildings and indexation of rents.

The net operating profit for the first half of 2022 amounted to EUR 11.259 thousand and was higher by 4% compared to the first half of 2021 (EUR 10.876 thousand).

In the first half of 2022, the Group recorded a positive net result of EUR 3.933 thousand, compared to EUR 9.512 thousand in the first half of 2021 (decrease by 59%). The decrease in the Group's net profit for the first half of 2022 was mainly due to an increase in the cost of exchange rate differences (a loss of EUR 4.053 thousand in the first half of 2022, compared to the profit in the first half of 2021 of EUR 5.634 thousand). This result was significantly influenced by the increase in the costs of foreign exchange differences on credits. The growing difference between the historical exchange rate and the balance sheet rate, due to the increase in the EUR exchange rate, significantly increased the costs of exchange rate differences.

Financial Position

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

All amounts in thousands of EUR	30 June 2022	30 June 2021
ASSETS		
Current assets	41 007	32 187
Short-term receivables	9 416	7 453
Inventories	5 481	0
Cash and cash equivalents	26 110	24 734
Current liabilities	64 170	65 943
WORKING CAPITAL	-23 163	-33 756
Non-current assets	515 383	506 725
Tangible Fixed Assets	478 522	488 447
Financial Fixed Assets	36 861	18 278
TOTAL INVESTMENT	538 546	540 480
COVERED BY:		
Equity	196 880	199 390
Non-current liabilities	295 340	273 579
TOTAL FUNDING	492 220	472 969

Working capital shows how many current assets are financed with long-term capital. At the end of the first half of 2022, the Group presents negative working capital. The current assets increased in the analyzed period mainly due to the increase in inventories (land properties including expenses for housing projects) and, to a lesser extent, due to the 6% increase in cash and 26% in short-term receivables compared to the same period last year. The sum of current assets was 30% lower than the sum of short-term liabilities in this period. The main component of short-term liabilities is a loan for the Point & Tower project - in the second half of 2022, the Group plans to extend the loan agreement, thus this obligation will become a non-current

liability. Despite the negative working capital, the Group characterizes 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. Due to the diversification of financing sources for individual investments and different maturity dates of credits, there may be negative working capital in a given period, resulting from the approaching maturity of a given credits. Taking into account the level of commercialization of the buildings and their market value, the Group, as part of its strategy, refinances credits before their maturity or extends their terms in the current banks.

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 Business Center in Gdańsk - the largest business center among regional cities in Poland (outside of Warsaw) . Most of the funds obtained from the bond issue were engaged in projects belonging to the Group. Series E and subsequent ones 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 related to Olivia Business Centre, the beneficiary of which was and remains Mr. Maciej Grabski.

Tangible fixed assets constitute the main part of fixed assets. These are mainly completed and commercialized real estate owned by the Group. In the first half of 2022, compared to the corresponding period of the previous year, fixed assets increased by 2%. In the first half of 2022, financial assets increased by 102%.

At the end of June 2022, long-term liabilities increased by 8% compared to the value of long-term liabilities at the end of the corresponding period of the previous year.

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 ratios at the end of June 2022 were at non-breach levels provided in the credit agreements.

The most common solvency and liquidity ratios:

Solvency	06.2022	12.2021	06.2021
<i>Long Term Debt/ Total Equity</i>	1,50	1,51	1,37
<i>Total Debt/ Total Equity</i>	1,83	1,81	1,70
<i>Total Debt/ Total Assets</i>	0,65	0,64	0,63
<i>Total Assets/ Total Equity</i>	2,8	2,8	2,7
<i>Net Debt* / Project Assets**</i>	0,61	0,60	0,56
<i>Net Debt* / Total Equity</i>	1,5	1,5	1,4
Liquidity	06.2022	12.2021	06.2021
<i>Cash ratio</i>	0,41	0,44	0,38
<i>Cash / Current liabilities</i>			
<i>Quick ratio</i>	0,55	0,56	0,49
<i>(Current assets - Inventory)/ Current liabilities</i>			
<i>Cash ratio</i>			

* Net debt is the sum of short-term and long-term liabilities due to credits, loans and bonds, minus cash and cash equivalents.

** Project Assets are the sum of Completed Investments and Investments in progress and land.

Solvency ratios at the end of the first half of 2022 are comparable to the end of the year slightly better than in the corresponding period of the previous year.

Cash flows

Total cash flows are presented below:

All amounts in thousands of EUR	01-06.2022	01-12.2021	01-06.2021
Net cash flow from operating activities	9 401	4 654	8 700

Net cash flow from investing activities	-4 935	-2 781	2 648
Net cash flow from financing activities	-4 463	2 268	-8 579
Net change in cash and cash equivalents	3	4 141	2 768

Risk acceptance and risk appetite

The total risk appetite of the Group is representative for commercial real estate investments in Poland, in line with the company's objective to generate consistent long-term stable results for its shareholders while securing liquidity to cover the cost of capital provided by other capital providers.

Strategic and business risk

The Group pursues to growth 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.

In Poland the Group invests in Gdansk, which is seen as profitable 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 fix 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 value of assets and their relation to debt are also important in the context of the credit and bond covenants.

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, lower financial results and lower valuations of properties.

The group is constantly evaluating its properties meet the need of (potential) tenants and changes in tenants requirements are foreseen, so that it can effectively respond and add value to its office buildings. The Group is focusing on high-quality properties near transport hubs in dynamically developing business districts. 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.

Competition

By focusing on selective high-demand growth office markets there is a risk that The Group will have to compete in prices with other entities for the same assets, which may have an impact on the economic effect of the investments in progress.

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

Sustainability

A focus on sustainability is increasingly seen as a "licence to operate", a precondition for our business model. The Group anticipates and responds to changing needs of 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.

Sustainability is an integral part of the Group's long term value creation strategy. The business model is geared towards minimising our carbon footprint, offering and developing future-proof buildings and create healthy, inspiring and flexible working environments for clients and 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.

Compliance risk

The Group strives to fully comply with the law and applicable regulations. However, there is a risk that a discrepancy in the interpretation of legal provisions may lead to situations that the Group is not able to predict, and which will affect its financial stability and the results achieved.

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.

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. 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 of Directors identifies and evaluates financial risks in close cooperation with the Group's operating units. The Board of Directors 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, bond holders, banks and regulators), which may result potential claims from 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.

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 IRS 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 high 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 30 June 2022 and 31 December 2021 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 regularly and is periodically reviewed 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.

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 options 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.

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.

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 Business Centre is located. The Group is dedicated to comply with rule of good neighborhood and takes part in many local activities, such as renovation works within the district, open events for children and elderly and support to local schools.

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 Group's thinking. Ensuring that Olivia Business 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 give peace of mind to everybody using the centre. In 2021 Olivia Business Centre was certified with a WELL Health-Safety Rating. 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 recognizes the necessity of taking into account within its activity the environmental aspects and therefore voluntarily implements many solutions dedicated to limit the usage of water and energy and to limit its impact on the environment. All buildings with the Olivia Business Centre from their very early stage were designed to meet abovementioned requirements. The Group complies with all applicable environmental and related regulations. All buildings are BREEAM certified (3 rated Very Good, and 5 rated Excellent) with each new building improving on the score of the previous one. At present, the Group is aiming to achieve the Outstanding rating on our newest building, Olivia Prime B in 2023.

The Group within offices premises in Olivia Star building, Olivia Four building, Olivia Six and Olivia Gate arranged as coworking space widely supports the idea of entrepreneurship.

Research and development

The Group does not perform any research and development activities.

Future of the business

The building "Olivia Prime B" remains in the final commercialization phase at the end of June 2022 (in offer there was app. 20% of the building). The Group is in the process of negotiating the terms of lease for further space and plans to complete the commercialization process within 12 months.

The level of commercialization in the other buildings remains high and the Group plans to continue it on similar level.

The Group is in the process of designing further buildings on land belonging to Olivia Complex Sp. z o.o. The zoning plan of this area allows many possibilities within its usage. The Group is in the process of analysing the most favourable option in terms of profitability and security due to the uncertain market situation caused by the pandemic. All projects and related schedules are subject to constant analysis in terms of their timeliness in relation to the current situation, which remains dynamic.

The Group has decided to expand its activities to the residential market. In June 2022, the sale of apartments on the first housing project implemented by the Group was started - Platynowa Park in Gańsk www.oliviahome.com.

The Olivia Business Centre project has strong fundamental advantages and in the opinion of the Board of Directors the project has solid operational and financial foundations is well prepared for the future:

- Olivia Business Centre achieved the maximum possible score in WELL Health-Safety Rating certificate for management and operational processes of buildings certification, It is the highest result in Poland and probably in the world. 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 over 20% in the commercial office market in the region.
- Diversified portfolio of tenants - app. 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 in office buildings
- 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.
- Construction and finishing works ordered in a package system, and not through general contracting of an unrelated entity. Thanks to this, it is possible to manage quality, changes, work progress, price more accurately and efficiently, and above all to mitigate the risk of bankruptcy of a contractor that may affect the project.
- Key areas related to operations activity of the Olivia Business Centre are under control of the crucial Investor, including particularly property management, commercialization, design/building, purchases/settlements, security.
- Efficient management of the Olivia Business 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.

An expression of the Group's prudence and caution is a series of actions taken by the Group in the face of the pandemic aimed at the safety of both our tenants and contractors. We started our activities much earlier, without waiting for orders from the relevant authorities. They are based on the professional knowledge of the experts we work with and a high level of responsibility and ethics in Group.

Olivia Business Center underwent the most restrictive analysis under the WELL Health-Safety Rating certificate conducted by experts from the International Well Being Institute (IWBI) from New York in the field of building users' safety, as well as solutions improving the quality of life in the business center, also in the context of an ongoing pandemic. In 2021 in each category, Olivia Business Center received a maximum score of 25 out of 25 points. It received this rating in 22 basic categories and in three new ones related to the innovations implemented in its area. This is the first such result in the world, which confirms that the Olivia Business Center project is among the world's top business leaders.

The impact of COVID-19 and the war in Ukraine on the Group

In 2021, the fight against the COVID-19 pandemic has become a global priority. Counteracting its effects also includes dealing with the economic crisis, which was the largest in 2020. Although the economies of many countries, including Poland, have returned to the pre-pandemic path of development, the effects of this sudden economic slowdown will be felt for at least the next few years.

On March 14, 2020, an epidemic threat was announced in Poland in connection with the SARS-CoV-2 virus infection causing the COVID-19 disease, and then - on March 20, 2020 - the state of the epidemic. Throughout 2021, the epidemic persisted. It was only on May 16, 2022 that the epidemic state was canceled and the epidemic threat was announced instead.

Russia's aggression towards Ukraine and the related uncertainty in the region has an indirect and / or direct impact on the outlook for economic growth in Poland and Europe as a whole. Factors inhibiting economic growth in the near future will include cost and price shock, energy shock or supply uncertainty of energy and food raw materials. The tense geopolitical situation and the risk of higher inflation may slow down the demand in Poland and negatively affect the investment moods among enterprises. Taking into account the scale of these factors and the dynamism of the situation, it cannot be ruled out that the current forecasts will have to be periodically revised. The scale and durability of the negative impact of the war in Ukraine on the economy will depend on its intensity. It may, however, be a stagflation scenario. The fight against inflation undertaken by the Monetary Policy Council, resulting in an increase in market interest rates, affects the amount of interest on debt paid by the Group. The inflationary increase in the construction costs of new projects implemented by the Group companies may have a negative impact on the margins on the sale of these projects, as well as the possibility of selling the Group's projects at the assumed profitable prices.

The Board of Directors of the Company monitors the situation in Poland on an ongoing basis, including changes in the market and the support that is and is to be offered to business entities. The Board of Directors of the Company tries to minimize the possible negative impact of the epidemic on the functioning of the Company and the Group. All projects and related schedules are constantly analyzed in terms of their relevance to the current situation, which remains dynamic. On the other hand, all decisions made by the Board of Directors depend primarily on two factors: (1) the need to protect human health and life, as well as ensuring the safety of people involved in the functioning of the Company, and (2) the need to maintain the economic security of the Group's operations.

The Board of Directors of the Company is convinced that there are prospects of improvement in the financial situation in the coming years. The Board of Directors of the Company expects that the Company will continue to develop and achieve better and better financial results.

Until the date of this report, no significant events occurred that could adversely affect the property or financial situation of the Company.

III. Selected consolidated financial data

Selected financial data	In thousands PLN		In thousands EUR	
	I half 2022	I half 2021	I half 2022	I half 2021
Gross rental income	58 585	55 941	12 619	12 302
Net rental income	56 037	51 898	12 070	11 413
Net operating profit	52 272	49 457	11 259	10 876
Profit before taxation	23 792	51 901	5 125	11 414
Profit after taxation	18 260	43 251	3 933	9 512

Selected financial data	In thousands PLN		In thousands EUR	
	06.2022	12.2021	06.2022	12.2021
Total assets	2 604 238	2 494 536	556 390	551 791
Non-current assets	2 412 302	2 345 420	515 383	518 806
Current assets	191 937	149 116	41 007	32 984
Total liabilities	1 682 721	1 606 890	359 510	355 444
Current liabilities	300 353	267 329	64 170	59 133
Non-current liabilities	1 382 367	1 339 561	295 340	296 311
Total equity	921 518	887 647	196 880	196 347
Retained earnings	107 878	88 518	23 048	19 580

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

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

- 30 June 2022 using the average exchange rate – 4,6806
- 30 June 2021 using the average exchange rate – 4,5208

Items from the profit and loss account were converted according to the rates calculated as the arithmetic mean of the average NBP rates on the last day of each month in a given period:

- arithmetic mean of rates for the period from 1 January 2022 until 30 June 2022 – 4,6427
- arithmetic mean of rates for the period from 1 January 2021 until 30 June 2021 – 4,5472.

Board of Directors,

M. Grabski

D. Luksenburg

M. Leininger

J. E. Missaar

CONDENSED INTERIM CONSOLIDATE FINANCIAL STATEMENTS

TONSA COMMERCIAL REI N.V.

FOR THE PERIOD FROM 01.01.2022 TO 30.06.2022

Rotterdam, 29.09.2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2022	31 December 2021	30 June 2021*
ASSETS				
Non-current assets		515 383	518 807	506 725
Standing investments	15	448 612	454 077	456 217
Development and lands	15	29 165	29 437	31 419
Right of use assets		734	759	811
Intangible assets		11	0	0
Deferred tax assets		1 254	847	1 778
Long term loans and bonds	6	18 358	22 896	6 597
Long term derivative financial instruments assets	19	6 159	587	838
Other long-term financial assets	18	5 150	4 519	4 227
Other long-term assets	18	5 940	5 685	4 838
Current assets		41 007	32 984	32 187
Receivables from tenants	17	4 897	3 236	2 662
Advance payments		0	0	12
Income tax receivable		0	15	147
Other short term receivables		334	266	0
Short term loans and bonds	6	16	16	16
Other short-term financial assets	18	88	50	16
Inventories		5 481	0	0
Other short-term assets	18	4 081	3 294	4 599
Cash and cash equivalents		26 110	26 107	24 734
TOTAL ASSETS		556 390	551 791	538 912
EQUITY AND LIABILITIES				
Total equity		196 880	196 346	199 390
Issued share capital	21	188 010	187 710	187 710
Reserve capital		137	0	0
Foreign currency translation reserve		-14 314	-10 943	-7 580
Retained earnings	25	23 048	19 580	19 261
Non-current liabilities		295 340	296 311	273 579
Long term borrowings	22	266 660	269 260	243 201
Deferred tax liabilities		26 946	26 121	26 563
Long term lease liabilities	6	904	930	980
Long term derivative financial instruments liabilities	19	0	0	2 834
Long term accrued income		830	0	0
Current liabilities		64 170	59 134	65 943
Trade and other payables	23	1 753	4 280	3 104
Accrued expenditure		0	0	30
Short term borrowings	22	51 369	46 327	55 913
Short term lease liabilities	6	87	85	82
Short term derivative financial instruments liabilities	19	4 487	3 080	0
Income tax payable	14	111	80	13
Other short term financial liabilities	24	4 769	4 799	5 645
Other short term liabilities	24	1 378	479	1 156
Short term accrued income		216	0	0
Provisions		0	4	0
TOTAL EQUITY AND LIABILITIES		556 390	551 791	538 912

* Financial data before the merger of the Group with Olivia Fin Sp. z o.o. SKA which took place in December 2021.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2022

	Note	01-06/2022	01-12/2021	01-06/2021*
Gross rental income	9	12 619	25 436	12 302
Service charge income	9, 10	4 630	8 769	4 601
Net property expenses	10	-5 179	-10 942	-5 490
Net rental income		12 070	23 263	11 413
Revaluation of standing investments, net	15	-51	2 816	8
Profit on sale of fixed assets		171	0	0
Revaluation of developments and land, net	15	0	-1 801	0
Other depreciation, amortisation and impairments		0	113	114
Administrative expenses	11	-931	-1 431	-659
Net operating profit		11 259	22 960	10 876
Interest expenses, net	12	-5 452	-8 815	-4 378
Interest income		707	392	175
Interest expense		-6 158	-9 207	-4 553
Foreign currency differences	6.2	-4 053	709	5 634
Other financial expenses, net	13	3 370	-1 690	-718
Profit before taxation		5 125	13 165	11 414
Taxation charge for the period	14	-1 192	-3 039	-1 902
Profit after taxation for the year		3 933	10 126	9 512
Exchange differences on translation of foreign operations		-3 369	576	3 939
Other comprehensive income		-3 369	576	3 939
Total comprehensive income for the year		564	10 702	13 450
Total comprehensive income attributable to the Company shareholder arising from continuing operations		564	10 702	13 450

* Financial data before the merger of the Group with Olivia Fin Sp. z o.o. SKA which took place in December 2021.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2022

All amounts in thousands EUR	Note	Issued share capital	Reserve capital	Foreign currency translation reserve	Retained earnings	Total
1 January 2022		187 710	0	-10 943	19 580	196 347
Profit for the year		0	0	0	3 989	3 989
Foreign currency translation		0	0	-2 978	0	-2 978
Shares issued		300	137	0	0	437
Business combination	26	0	0	0	-429	-429
30 June 2022		188 010	137	-13 921	23 140	197 366
1 January 2021		187 710	0	-11 519	9 749	185 940
Profit for the year		0	0	0	10 126	10 126
Foreign currency translation		0	0	576	0	576
Business combination		0	0	0	-295	-295
31 December 2021		187 710	0	-10 943	19 580	196 347
1 January 2021		187 710	0	-11 519	9 749	185 940
Profit for the year		0	0	0	9 512	9 512
Foreign currency translation		0	0	3 939	0	3 939
30 June 2021		187 710	0	-7 581	19 261	199 390

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

	Note	01-06.2022	01-12.2021	01-06.2021
Cash flows from operating activities				
Profit before taxation		5 125	13 164	11 414
Adjustments for:		5 295	-7 992	-900
Other depreciation, amortisation and impairments		0	0	0
Revaluation of financial instrument		-4 165	-2 637	-54
Revaluation of standing investments, net	15	0	-2 816	0
Revaluation of developments and land, net	15	0	1 801	0
Income from sale of fixed assets		-171	0	0
Foreign exchange loss, net		4 826	-1 391	-5 158
Interest expense		5 784	10 079	4 484
Interest income		-978	-13 028	-172
Other		0	0	0
Operating cash flows before working capital changes		10 420	5 172	10 514
Change in receivables from tenants, other receivables, other assets, prepayments and prepaid expenses		-2 036	-1 999	-3 284
Change in inventories		284	0	0
Change in trade, other payables, accrued expenditure and other liabilities		1 014	1 629	1 661
Cash flow from operations		9 682	4 802	8 890
Corporation taxes paid, net		-281	-148	-190
Net cash flow from operating activities		9 401	4 654	8 700
Expenditure on investment property completed and under development		-5 183	-4 036	-4 161
Proceed from sale of investment property completed and under development		992	0	0
Acquisition of subsidiary, net of cash acquired	26	380	2 649	0
Loans granted		-1 293	-1 744	6 505
Interest received from loans and bonds granted		173	350	303,74
Expenditure on fixed and intangible assets		-4	0	0
Net cash flow from investing activities		-4 935	-2 781	2 648
Net cash flow before financing activities		4 466	1 873	11 347
Proceeds from borrowings	22	4 868	35 832	15 403
Repayment of borrowings	22	-3 271	-23 954	-17 111
Change of receivables representing restricted cash		-669	224	535
Interest paid		-5 393	-9 855	-7 422
Repayments of finance leases		2	21	16
Net cash flow from financing activities		-4 463	2 268	-8 579
Net change in cash and cash equivalents		3	4 141	2 768
Cash and cash equivalents at the beginning of year		26 107	21 966	21 966
Cash and cash equivalents at the end of year		26 110	26 107	24 734

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

Notes to the condensed interim 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 investment properties and construction of office buildings.

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 30 June 2022 the share issued capital of the Company amounted to EUR 188.009.900 and was fully paid.

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

2. Material subsidiaries

As at 30 June 2022 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	Principal activities
Olivia Complex Sp. z o.o.	Gdańsk, Poland	100%	0%	Land reserve and development
Olivia Gate Sp. z o.o.	Gdańsk, Poland	100%	0%	Investment development
Olivia Point & Tower Sp. z o.o.	Gdańsk, Poland	100%	0%	Investment development
Olivia 4 SA	Gdańsk, Poland	100%	0%	Investment development
Olivia Star SA	Gdańsk, Poland	100%	0%	Investment development
J-HOME SA	Gdańsk, Poland	100%	0%	Investment development
Olivia Seven Sp. z o.o.	Gdańsk, Poland	100%	0%	Investment development
Olivia Prime B Sp. z o.o.	Gdańsk, Poland	100%	0%	Investment development
Olivia Fin Sp. z o.o. (formerly Olivia Nine Sp. z o.o.)	Gdańsk, Poland	100%	0%	General partner
Olivia Fin Sp. z o.o. SKA (formerly „OG” – Olivia Business Centre Sp. z o.o. SKA)	Gdańsk, Poland	100%	0%	Financing
Olivia Home Platynowa Park (formerly Tec Trade Sp. z o.o.)*	Gdańsk, Poland	100%	0%	Development of investments on residential market
TP3 Sp. z o.o. *	Gdańsk, Poland	100%	0%	Development of investments on residential market
Brillant 3756. GmbH*	Berlin, Germany	100%	0%	The company is not actively involved in operating activities

* The entity was acquired in the second quarter of 2022.

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 periods presented.

4. Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", adopted by European Union. It doesn't include all information required in full financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by EU"). It includes selected notes and disclosures about events and transactions that are material for understanding changes in Group results and its financial position since last annual consolidated financial statements for a year ended on 31 December 2021.

Most of the Group's entities keep their accounting records in accordance with the accounting policies set forth in the Polish GAAP. These condensed interim 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 received and paid are presented within cash flows from investing and financing activities. 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

The condensed interim consolidated financial statements have been prepared on a going concern basis. The condensed interim 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 consolidated financial statements in accordance with IFRS as adopted by EU requires the use of certain critical accounting estimates. In the current reporting period, there were no changes to the scope or methodology of making significant estimates. Changes in estimated values resulted from the events that occurred in the reporting period.

The preparation of the condensed interim consolidated financial statements in accordance with the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union ("EU") requires the Board of Directors to make certain assumptions and make estimates that affect the amounts disclosed in the condensed interim consolidated financial statements and in the notes to that report. The assumptions and estimates are based on the Board of Directors best knowledge of current and future events and activities. However, actual results may differ from those projected.

The areas requiring a higher degree of judgment or complexity, or areas in which assumptions and estimates are material to the consolidated financial statements, are described later in this report. The Group's accounting principles in the period from 01/01/2022 to 30/06/2022 did not change. A detailed description of the accounting policy is presented in the annual consolidated financial statements for 2021.

Standards, amendments to existing standards and interpretations issued by IASB and endorsed by the European Union applied for the first time in 2022:

- Amendments to IAS 16 "Property, plant and equipment" - revenues earned before accepting a non-current asset for use, approved in the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022),
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - onerous contracts - cost of fulfilling a contract, approved in the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022),
- Amendments to IFRS 3 "Business Combinations" - changes to references to conceptual framework together with amendments to IFRS 3, endorsed by the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022 or later),
- Amendments to various standards "Improvements to IFRS (2018-2020 cycle)" - changes made as part of the procedure of introducing annual amendments to IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) aimed mainly at resolving inconsistencies and clarifying the vocabulary (changes to IFRS 1, IFRS 9 and IAS 41, effective for annual

periods beginning on or after January 1, 2022. Amendments to IFRS 16 are illustrative only, and therefore no effective date was provided.

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

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 2022 and not early adopted by the Group:

- 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 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).

The Group expects that the adoption of new standards and amendments to the existing standards will not have a significant impact on the Group's financial statements in the first period of their application.

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:

- 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 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 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 - presentation of liabilities as short-term or long-term (effective for annual periods beginning on or after January 1, 2023),
- 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.

5.1. Explanations concerning the seasonality and cyclicity of the activity in the presented period

The Group operates mainly in the segment of commercial real estate for lease, in which the main assets are office buildings completed and commercialized under long-term lease agreements. Seasonality and cyclicity do not generate any significant risk. Sales revenues are generated by the Group throughout the year, regardless of weather conditions or the period in a given year. The fluctuations in revenues are not significant and amount to a maximum of several percent, which has a minor impact on the financial results achieved by the Group during the year.

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 30 June 2022 interest rate swaps and CAP options hedged 80% of bank loans outstanding balance in EUR.

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. 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.

30 June 2022	Financial assets	Financial liabilities	Net exposure
EUR	20 258	285 528	-265 270
PLN	40 519	44 501	-3 982
Total	60 777	330 029	-269 252

31 December 2021	Financial assets	Financial liabilities	Net exposure
EUR	14 539	242 742	-228 203
PLN	42 872	86 019	-43 147
Total	57 411	328 761	-271 350

Foreign currency differences loss, in the amount of kEUR 4.053, in current year result is mainly caused by valuation of borrowings in EUR, due to increase in PLN/EUR FX rate (4,6806 as at 30 June 2022, whereas as at 31 December 2021: 4,5994).

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 30 June 2022 if the Euro weakened/strengthened by 10% against the Polish Zloty post-tax profit for the year would have been kEUR 21.487 higher/lower.

As at 31 December 2021 if the Euro weakened/strengthened by 10% against the Polish Zloty post-tax profit for the year would have been kEUR 18.484 higher/lower.

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. See note 6.2.

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 22). 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 on notional principal amount. As at 30 June 2022, as in the previous year, after taking into account the effect of interest rate hedging, 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 30 June 2022, if interest rates had been 100 basis points higher (31 December 2021: 100 basis points higher) with all other variables held constant, post-tax profit for the year would have been kEUR 934 (31 December 2021: kEUR 616) lower. If interest rates had been 100 basis points lower (31 December 2021: 100 basis points lower) with all other variables held constant, post-tax profit for the year would have been kEUR 934 (31 December 2021: kEUR 616) 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 favorable 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:

	30 June 2022	31 December 2021
Receivables from tenants	4 897	3 236
Loans and bonds	18 374	22 911
Other financial assets	5 237	4 569
Cash and cash equivalents	26 110	26 107
Total	54 619	56 824

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 30 June 2022 and 31 December 2021 approximates the carrying value.

Analysis by credit quality of financial assets is as follows:

	30 June 2022	31 December 2021
Receivables from tenants (gross)	4 984	3 323
Less: Impairment provision	-87	-87
Trade receivables - net of provision for impairment	4 897	3 236

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 Millenium SA	BBB+	Fitch
ING Bank N.V.	A+	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.

Table below presents financial liabilities by due date:

	30 June 2022	31 December 2021
Due within one year	63 480	64 636
Due in second year	98 848	94 426
Due within third to fifth year	177 210	191 253
Due after five years	0	3
Total	339 538	350 318

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 30 June 2022 and at 31 December 2021 were as follows:

	30 June 2022	31 December 2021
Borrowings	318 029	315 587
Lease liabilities	991	1 015
Less: Cash and cash equivalents	-26 110	-26 107
Less: Borrowings from related parties	-2 457	-2 421
Net debt	290 453	288 074
Total equity	196 880	196 347
Borrowings from related parties	2 457	2 421
Total capital	489 790	486 842
Gearing ratio	59%	59%

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:

30 June 2022	Level 1	Level 2	Level 3	Total
Derivative financial assets	0	6 159	0	6 159
Derivative financial liabilities	0	4 487	0	4 487
31 December 2021	Level 1	Level 2	Level 3	Total
Derivative financial assets	0	587	0	587
Derivative financial liabilities	0	3 080	0	3 080

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 30 June 2022 but for which fair value is disclosed.

30 June 2022	Level 1	Level 2	Level 3	Total
Assets				
Receivables from tenants	0	0	4 897	4 897
Loans and bonds	0	18 374	0	18 374
Other financial assets	0	5 237	0	5 237
Cash and cash equivalents	26 110	0	0	26 110
Total	26 110	23 611	4 897	54 619
Liabilities				
Trade and other payables	0	1 753	0	1 753
Borrowings	0	318 029	0	318 029
Lease liabilities	0	991	0	991
Other financial liabilities	0	4 769	0	4 769
Total	0	325 542	0	325 542

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 2021 but for which fair value is disclosed.

31 December 2021	Level 1	Level 2	Level 3	Total
Assets				
Receivables from tenants	0	0	3 236	3 236
Loans and bonds	0	22 911	0	22 911
Other financial assets	0	4 569	0	4 569
Cash and cash equivalents	26 107	0	0	26 107
Total	26 107	27 480	3 236	56 824
Liabilities				
Trade and other payables	0	4 280	0	4 280
Borrowings	0	315 587	0	315 587
Lease liabilities	0	1 015	0	1 015
Other financial liabilities	0	4 799	0	4 799

Total	0	325 681	0	325 681
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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 investment properties 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. The Group's consolidated financial statements are presented in euros.

8. Operating segments

So far, 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. At the end of 2022, the Group plans to present information on operating segments in accordance with IFRS 8 "Operating Segments". 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 are planned to be separated in the Group's consolidated financial statements for 2022:

- Segment 1 - Commercial properties for rent - which includes the construction and lease of commercial properties owned by the Group;
- Segment 2 - Residential 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, will be the segment's operating profit / loss determined in accordance with the principles of IAS / IFRS. Revenue from transactions with external entities will be measured in a manner consistent with the method used in the consolidated financial result.

Revenues from transactions between segments will be 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 will be recognized in the segment's result at the time of sale outside the segment. Financial revenues and costs will not be included in the financial result of individual segments.

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 and no single tenant or group under common control contributes more than 10% 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

	01-06/2022	01-12/2021	01-06/2021
Service charge cost, net	-114	199	-394
Modernizations, repairs, renovations cost	58	259	65
Other property related costs	605	1 715	1 218
Total	549	2 173	889

11. Administrative expenses

	01-06/2022	01-12/2021	01-06/2021
Legal and consulting costs	161	343	130
Asset management services	34	343	0
Accounting, secretarial and administration costs	353	606	306
Taxes and other fees	22	9	90
Other	362	130	133
Total	931	1 431	658

12. Interest expenses, net

	01-06/2022	01-12/2021	01-06/2021
Interest income	-707	-392	-175
Interest expense from lease	25	54	0
Interest expense from loans	4 452	7 662	3 646
Interest expense from bonds	1 678	1 485	876
Other	4	6	31
Total	5 452	8 815	4 378

13. Other financial expenses, net

	01-06/2022	01-12/2021	01-06/2021
Impairment of financial instruments	0	-737	-101
Derivatives valuation results	-3 830	1 874	332
Other financial expenses, net	460	553	487
Total	-3 370	1 690	718

14. Income taxes

	01-06/2022	01-12/2021	01-06/2021
Current tax	327	366	209
Deferred tax	865	2 673	1 693

Total	1 192	3 039	1 902
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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.

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).

15. Standing investments and Developments and lands

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

	30 June 2022		31 December 2021	
	Standing investments	Developments and lands	Standing investments	Developments and lands
At the beginning of the reporting period	454 077	29 437	444 669	30 428
Gains or Losses included in the revaluation of investment properties	0	0	2 816	-1 801
Disposals	-820	0	0	0
Construction, technical improvements and extensions	3 253	241	4 502	702
Currency translation difference	-7 897	-513	2 090	108
At the end of the reporting period	448 612	29 165	454 077	29 437

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 June 2022, there were no projects under construction included under Investments in progress and land, the item only included land.

At the end of June 2022 there was no projects in Developments and lands, excluding land reserve. The construction of the Platynowa Park project with the land is included in inventories.

Valuation processes

The Group's investment properties were valued as at 31 December 2021 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.

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 19.

17. Receivables from tenants

	30 June 2022	31 December 2021
Receivables	4 984	3 323
Less: Provision for impairment	-87	-87
Total	4 897	3 236

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 the first half of 2022 the Group hasn't recognised a loss relating to the impairment of its trade receivables (2021: null). 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:

	01-06.2022	01-12.2021	01-06.2021
Beginning of the period	87	87	87
Impairment loss recognised	0	0	0
End of the period	87	87	87

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

18. 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.

19. Derivative financial instruments

	30 June 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps and CAP options	6 159	58	587	272
Forward foreign exchange contracts	0	4 429	0	2 808
Total	6 159	4 487	587	3 080

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.

The notional principal amounts of the outstanding forward foreign exchange contracts as at 30 June 2022 were kEUR 36.061 (2021: kEUR 36.490). The notional principal amounts of the outstanding interest rate swap and CAP options as at 30 June 2022 were kEUR 202.665 (2021: kEUR 239.593).

Entity	Type of hedging transaction	Maturity date	Notional value kEUR
Olivia Point&Tower Sp. z o.o.	CAP	27.12.2022	4 724
Olivia Star SA	CAP	30.01.2024	59 036
Olivia 4 SA	CAP	15.12.2025	17 955
Olivia 4 SA	CAP	15.12.2025	3 522
Olivia Prime B Sp. z o.o.	FX Forward	28.02.2023	36 061

Olivia Gate Sp. z o.o.	IRS	13.08.2026	25 086
J-Home SA	IRS	13.08.2026	24 610
Olivia Point&Tower Sp. z o.o.	IRS	27.12.2022	25 282
Olivia Seven Sp. z o.o.	IRS	31.12.2024	42 450

20. Non-current assets classified as held for sale

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

21. Issued share capital

The total authorised number of ordinary shares is 1.880.099 (2021: 1.877.099) with a par value of EUR 100 each (2021: EUR 100 per share). All issued shares are fully paid (2021: all fully paid).

22. 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.

	30 June 2022	31 December 2021
Loans and bonds	47 930	43 710
long term	42 557	43 678
short term	5 373	32
Bank loans	270 099	271 877
long term	224 103	225 582
short term	45 996	46 295
Total	318 029	315 587

The borrowings include amounts secured in majority on investment property.

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:

	30 June 2022		31 December 2021	
	Loans and bonds	Bank loans	Loans and bonds	Bank loans
Due within one year	5 373	45 996	32	46 295
Due in second year	11 549	79 854	340	108 201
Due within third to fifth year	31 008	144 249	17 406	93 048
Due after five years	0	0	25 932	24 333
Total	47 930	270 099	43 710	271 877

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 until end of June 2022:

	Loans and bonds	Bank loans	Total
31 December 2020	37 878	265 441	303 319
Proceeds from borrowings	28 348	7 484	35 832
Repayments of borrowings	-25 534	-8 275	-33 809
Other movements	2 955	7 124	10 079
Exchange rate differences	63	103	166
31 December 2021	43 710	271 877	315 587
Proceeds from borrowings	3 231	1 637	4 868
Repayments of borrowings	-1 329	-7 336	-8 664
Other movements	3 326	7 966	11 292
Exchange rate differences	-1 008	-4 045	-5 053
30 June 2022	47 930	270 099	318 029

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 June 2022 were at a safe level and there was no breaches.

Details regarding bank covenants in particular entities are presented below:

	Historical DSCR	period	Forecasted DSCR	period	Forecasted ISCR	period	LTV	LTC	Other
Olivia Seven Sp. z o.o.	120%	12M	120%	12M	n/a	n/a	70% during the loan agreement	n/a	Equity including subordinated debt above 0
Olivia Gate Sp. z o.o., J-Home SA	135%	12M	135%	6M	n/a	n/a	70% - in the following next 24 months of bank loan - 2 percentage point lower in next two years;	n/a	Equity including subordinated debt above 0 and the Average Occupancy Rate will not be lower than 80%
Olivia Prime B Sp. z o.o.	120%	12M	120%	12M	120%	12M	65% during the loan agreement	75%	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital
Olivia Point&Tower Sp. z o.o.	120%	12M	120%	6M	n/a	n/a	70% in 2020, in each next year 1 percentage point lower	n/a	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital
Olivia 4 SA	120%	12M	120%	12M	n/a	n/a	65% - in the following next 12 months of bank loan - 1 percentage point lower	n/a	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital
Olivia Star SA	120%	12M	120%	12M	n/a	n/a	65% - in the following next 12 months of bank loan - 1 percentage point lower	n/a	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital

23. Trade and other payables

	30 June 2022	31 December 2021
Trade payables	1 454	2 385
Payables connected with development/construction	206	1 895
Trade payables	1 661	4 280

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.

24. 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.

25. Dividends

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

26. Business combination

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 housing project and 100% of shares in the share capital of TP3 Sp. z o.o., which is the owner of a land property intended for a residential investment.

The acquisition is a combination of entities under common control, as the ultimate controlling party of all involved entities is Mr. Maciej Grabski. In line with the Group's policy, the difference between the price paid and the book value of the acquiree's assets and liabilities as at the transaction date was recognized in equity in retained earnings.

Assets and liabilities recognized as a result of acquisition are as follows:

Cash and cash equivalents	1 778
Trade receivables	237
Other short-term receivables	711
Inventories	26 983
Other short-term assets	2 496
Intangible assets	31
Long term borrowings	-31 059
Short term borrowings	-918
Accrued income	-150
Trade and other payables	-130
Net assets acquired in carrying value	-20 kPLN
Purchase consideration	2 027 kPLN
Difference	2 047 kPLN
Rate of exchange PLN/EUR	4,6806
Difference after translation	437 k EUR

The Group chosen prospective presentation method for business combinations under common control. The acquired business didn't contribute to the Group's results in first half of 2022, as the acquisition took place on 30 June 2022. If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenue would have been at the same level and profit would have been lower by kEUR 32, for the period ended 30 June 2022.

The shares in the merged companies were acquired in exchange for a capital increase and did not result in an outflow of cash from the Group. Transaction costs were immaterial and were included in general and administrative expenses in the profit and loss account and in operating cash flows in the cash flow statement.

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.

27. Contingencies and commitments

The Group has no contingencies and commitments.

28. 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 first half of 2022 or balances outstanding as at 30 June 2022 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
Olivia Serwis Sp. z o.o.	1 292	2 830	25	363	1 360	562
OBC Sp. z o.o.	4 894	0	3	21	0	0
Tonsa SCA SICAV RAIF	0	0	3 736	0	0	42
Construction+ Sp. z o.o.	1 465	3	0	12	18	1 257
Vivia Next Sp. z o.o.	1 754	0	0	13	0	11
Fundacja Gdańsk Global	6	672	3	4	645	64
PSDW Sp. z o.o.	1 362	0	0	0	0	0
Maintenance+ Sp. z o.o.	0	7	0	340	55	953
TP2 Sp. z o.o.	1 180	0	0	0	0	0
STE Sp. z o.o.	995	0	0	0	0	0
RS Sp. z o.o.	887	0	0	0	1	0
GPT Invest Sp z o.o.	417	102	0	0	0	0
Inne	302	116	211	281	45	737
Total	14 554	3 731	3 978	1 034	2 125	3 626

Transactions carried out in 2021 or balances outstanding as at 31 December 2021 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 SCA SICAV RAIF	0	0	2 421	0	0	0
Olivia Serwis Sp. z o.o.	37	1 014	0	263	1 445	1 089
Maintenance+ Sp. z o.o.	0	0	0	473	14	2 999
RS Sp. z o.o.	1 798	0	0	0	46	0
Fundacja Gdańsk Global	7	336	0	18	1 080	86
PSDW Sp. z o.o.	1 340	0	0	0	36	0
Construction+ Sp. z o.o.	659	9	0	75	52	541
TP2 Sp. z o.o.	1 162	0	0	0	31	0
STE Sp. z o.o.	981	0	0	0	42	0
Security+ Sp. z o.o.	0	4	0	147	61	809
ENERGY+ Sp. z o.o.	872	0	0	0	2	0
"OG" - Olivia Business Centre Sp. z o.o. SKA	0	67	0	0	571	0
BMP1 Sp. z o.o.	0	136	0	26	20	341
OBC Sp. z o.o.	295	0	3	0	1	72
Olivia Six Sp. z o.o.	69	336	53	125	4	129
Inne	202	10	0	39	70	116
Total	7 422	1 912	2 477	1 166	3 475	6 182

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

29. 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 108 in 2021 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.

30. Other information significantly affecting the assessment of the Group's assets, financial position and profit or loss

The impact of COVID-19 and the war in Ukraine on the Group's results and its growth perspectives

In 2021, the fight against the COVID-19 pandemic has become a global priority. Counteracting its effects also includes dealing with the economic crisis, which was the largest in 2020. Although the economies of many countries, including Poland, have returned to the pre-pandemic path of development, the effects of this sudden economic slowdown will be felt for at least the next few years.

On March 14, 2020, an epidemic threat was announced in Poland in connection with the SARS-CoV-2 virus infection causing the COVID-19 disease, and then - on March 20, 2020 - the state of the epidemic. Throughout 2021, the epidemic persisted. It was only on May 16, 2022 that the epidemic state was canceled and the epidemic threat was announced instead.

Russia's aggression towards Ukraine and the related uncertainty in the region has an indirect and / or direct impact on the outlook for economic growth in Poland and Europe as a whole. Factors inhibiting economic growth in the near future will include cost and price shock, energy shock or supply uncertainty of energy and food raw materials. The tense geopolitical situation and the risk of higher inflation may slow down the demand in Poland and negatively affect the investment moods among enterprises. Taking into account the scale of these factors and the dynamism of the situation, it cannot be ruled out that the current forecasts will have to be periodically revised. The scale and durability of the negative impact of the war in Ukraine on the economy will depend on its intensity. It may, however, be a stagflation scenario. The fight against inflation undertaken by the Monetary Policy Council, resulting in an increase in market interest rates, affects the amount of interest on debt paid by the Group. The inflationary increase in the construction costs of new projects implemented by the Group companies may have a negative impact on the margins on the sale of these projects, as well as the possibility of selling the Group's projects at the assumed profitable prices.

The Board of Directors of the Company monitors the situation in Poland on an ongoing basis, including changes in the market and the support that is and is to be offered to business entities. The Board of Directors of the Company tries to minimize the possible negative impact of the epidemic on the functioning of the Company and the Group. All projects and related schedules are constantly analyzed in terms of their relevance to the current situation, which remains dynamic. On the other hand, all decisions made by the Board of Directors depend primarily on two factors: (1) the need to protect human health and life, as well as ensuring the safety of people involved in the functioning of the Company, and (2) the need to maintain the economic security of the Group's operations.

The Board of Directors of the Company is convinced that there are prospects of improvement in the financial situation in the coming years. The Board of Directors of the Company expects that the Company will continue to develop and achieve better and better financial results.

Until the date of this report, no significant events occurred that could adversely affect the property or financial situation of the Company.

31. Subsequent events

No material events have occurred since the end of reporting period, which would require adjustment to, or disclosure in the condensed interim consolidated financial statements.

Board of Directors

M. Grabski

D. Luksenburg

M. Leininger

J. Missaar

Rotterdam, 29 September 2022