INTERIM REPORT

TONSA COMMERCIAL REI N.V.

For the period from 01.01.2023 to 30.06.2023

Rotterdam, 22.09.2023

Rotterdam, 2023-09-22

STATEMENT

Board of Directors of TONSA Commercial REI N.V. ("Company", "Guarantor") as the parent company for 100% subsidiaries, which are capital companies based mainly 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 2023.

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. 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 2023 the share capital of the Company amounts to EUR 188.009.900 and is fully paid 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 mainly in Poland, dealing primarily with the construction, development and maintenance of office buildings in Poland (office buildings jointly form the Olivia Centre, a commercial business park located in Gdańsk) and the implementation of housing projects in Poland.

The Olivia Centre investment property portfolio is located in the Gdańsk Metropolitan Area and accounts for nearly 20% of the region's office market, with a high level of commercialization - 90% at the end of June 2023. The Group has a diversified portfolio of approx. 100 tenants, mainly international and domestic, with a stable financial position.

As at 30 June 2023, the Company had the following direct or indirect subsidiaries, all based mainly in Gdańsk:

- "Olivia Gate" Spółka z ograniczoną odpowiedzialnością,
- "Olivia Point&Tower" Spółka z ograniczoną odpowiedzialnością,
- "Olivia 4" Spółka Akcyjna,
- "Olivia Star" Spółka Akcyjna,
- "J-Home" Spółka Akcyjna,
- "Olivia Seven" Spółka z ograniczoną odpowiedzialnością,
- "Olivia Prime B" Spółka z ograniczoną odpowiedzialnością,
- "Olivia Complex" Spółka z ograniczoną odpowiedzialnością,
- Olivia Fin Spółka z ograniczoną odpowiedzialnością,
- Olivia Fin Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna,
- Olivia Home Platynowa Park Sp. z o.o. (formerly: Tec Trade Sp. z o.o.),
- TP3 Sp. z o.o.,
- Brillant 3756. GmbH (based in Düsseldorf, Germany),
- OBC Spółka z ograniczoną odpowiedzialnością.

The condensed interim consolidated financial statements for the first half of 2023 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 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. The Group's strategy is implemented through the consistent development of subsequent office investments and building diversification into residential activities, including the PRS (Private Rented Sector) - rental of residential space. For this purpose, the Group has secured a land bank and is gradually implementing further investments. In connection with the existence of the strategy, control activities were implemented to monitor the results and effects resulting from it. In order to implement these control measures, the Group has established and launched: a system securing the implementation of the strategy, guidelines, reporting systems and division of responsibilities.

The results of the Company and is 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 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 conjecture, 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	01-06/2023	01-06/2022	Change
Gross rental income	14 660	12 619	16%
Service charge income	6 022	4 630	30%
Net property expenses	-8 306	-5 179	60%
Net rental income	**12 376**	**12 070**	**3%**
Revaluation of standing investments, net	-58	-51	14%
Profit on sale of fixed assets	0	171	nd
Revaluation of developments and land, net	0	0	nd
Other depreciation, amortisation and impairments	-2	0	nd
Administrative expenses	-836	-931	-10%
Net operating profit	**11 481**	**11 259**	**2%**
Interest expenses, net	-6 251	-5 452	15%
Foreign currency differences	10 843	-4 053	nd
Other financial expenses, net	2 504	3 370	nd
Profit before taxation	**18 576**	**5 125**	**262%**
Taxation charge for the period	-3 378	-1 192	183%
Profit after taxation for the year	**15 198**	**3 933**	**286%**
Exchange differences on translation of foreign operations	11 309	-3 369	nd
Other comprehensive income	**26 508**	**564**	**4601%**

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 2023 was 16% higher compared to the first half of 2022. The net rental income for the first half of 2023 amounted to EUR 12.376 thousand and was 3% higher compared to the first half of 2022 (EUR 12.070 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 2023 amounted to EUR 11.481 thousand and was higher by 2% compared to the first half of 2022 (EUR 11.259 thousand).

In the first half of 2023, the Group recorded a positive net result of EUR 15.198 thousand, compared to EUR 3.933 thousand in the first half of 2022 (increase by 286%). The increase in the Group's net profit for the first half of 2023 was mainly due to a decrease in the cost of exchange rate differences (a profit of EUR 10.843 thousand in the first half of 2023, compared to the loss in the first half of 2022 of EUR 4.053 thousand). This result was significantly influenced by the decrease in the costs of foreign exchange differences on credits. The decreasing difference between the historical exchange rate and the balance sheet rate, due to the slight decline in the EUR exchange rate, significantly decreased 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 2023	30 June 2022
ASSETS		
Current assets	**50 011**	**41 007**
Short-term receivables	12 814	9 416
Inventories	5 420	5 481
Cash and cash equivalents	31 776	26 110
Current liabilities	**105 893**	**64 170**
WORKING CAPITAL	**-55 883**	**-23 163**
Non-current assets	**577 055**	**515 383**
Tangible Fixed Assets	531 318	478 522
Financial Fixed Assets	45 737	36 861
TOTAL INVESTMENT	**521 173**	**492 220**
COVERED BY:		
Equity	244 957	196 880
Non-current liabilities	276 216	295 340
TOTAL FUNDING	**521 173**	**492 220**

Working capital shows how many current assets are financed with long-term capital. At the end of the first half of 2023, the Group presents negative working capital. The current assets increased in the analyzed period mainly due to the 22% increase in cash and 36% in short-term receivables compared to the same period last year. The sum of current assets was lower than the sum of short-term liabilities in this period. The main component of short-term liabilities is a loan for the Olivia Star project – at the turn of 2023/2024, 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. All Series have been guaranteed by TONSA Commercial REI N.V. The remaining part of the funds was kept on the Issuer's account or was allocated to the implementation of housing projects or involved in other projects 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 2023, compared to the corresponding period of the previous year, fixed assets increased by 11%. In the first half of 2023, financial assets increased by 24%.

At the end of June 2023, long-term liabilities decreased by 6% 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 2023 were at non-breach levels provided in the credit agreements.

The most common solvency and liquidity ratios:

Solvency	**06.2023**	**12.2022**	**06.2022**
Long Term Debt/ Total Equity	1,13	1,40	1,50
Total Debt/ Total Equity	1,56	1,68	1,83
Total Debt/ Total Assets	0,61	0,63	0,65
Total Assets/ Total Equity	2,56	2,68	2,83
Net Debt / Project Assets***	0,56	0,58	0,61
Net Debt / Total Equity*	1,21	1,34	1,48
Liquidity	**06.2023**	**12.2022**	**06.2022**
Cash ratio *Cash / Current liabilities*	0,30	0,39	0,41
Quick ratio *(Current assets - Inventory)/ Current liabilities*	0,42	0,57	0,55

** 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 2023 are comparable to the end of the year.

The decrease in liquidity ratio in first half on 2023 in comparison to previouse periods is mainly caused by the reclassification of the loan on the Olivia Star project to short-term liabilities (in the amount of kEUR 75,323) - the Group plans to extend the loan agreement at the turn of 2023/2024, thus this liability will become long-term commitment.

Cash flows

Total cash flows are presented below:

All amounts in thousands of EUR	**01-06.2023**	**01-12.2022**	**01-06.2022**
Net cash flow from operating activities	15 436	21 885	9 401
Net cash flow from investing activities	-3 817	-10 651	-4 935
Net cash flow from financing activities	-3 597	-13 586	-4 463
Net change in cash and cash equivalents	**8 023**	**-2 352**	**3**

Risk acceptance and risk appetite

The total risk appetite of the Group is low to medium, 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.

Changes in sales prices of residential units

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

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

The creditworthiness of purchasers of residential units

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

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

Competition

By focusing on selective high-demand 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.

Climate risk

We have conducted the climate risk analysis in conformity with the TCFD (Task Force on Climate-related Financial Disclosures), over three time horizons – short-term (to 2025), medium-term (to 2030) and long-term (to 2050). In the short term, Olivia will be affected primarily by risks related to the transformation of the economy. Particularly important are those relating to restrictions on the supply of utilities, the expansion of ESG obligations and sustainable technology development. Risks related to the higher expectations of financial institutions, insurers and customers to meet increasingly stringent climate requirements are also very important. In the medium term, the levels of risk in each category are similar to the levels forecast in the short term. By 2030, however, our stakeholders’ expectations and the likelihood of cyclones and greater air pollution may increase. Due to developments in water and energy infrastructure, the risk of utility supply constraints may decrease. In the long term, we have considered two scenarios. The first scenario (the SSP1 –1.9 according to the IPCC) assumes increased action to limit global warming, so both the impact and likelihood of transformational risks are relatively higher than physical risks. In the scenario of a temperature rise by at least 3.5°C (the IPCC SSP3 7.0 scenario), physical risks become much more important. In the long term, rising mean temperatures, variability in weather patterns and cyclones, among others, are likely to be of the greatest importance to us.

We know that the above risks may result in increased operating and investment costs, reduced revenue and productivity, reduced capital availability or the loss of asset value. However, we can manage them appropriately and maximise the resulting opportunities, which include market leader’s status, increasing demand, increasing competitiveness, increase of revenues, increased asset value, better availability and lower cost of capital, lower insurance costs. In response to the identified risk factors, we have identified and implemented appropriate management methods, among others:

- Application of solutions for quick detection and response to physical risk factors (meteorological stations in each building, automatic reaction of devices as a result of alarms, the possibility of remote control of devices in buildings).
- Flexibility in land use, building, space arrangement and service offerings.
- Use of durable materials and resistant to external factors and protective elements.
- Equipping Olivia's buildings with efficient HVAC installations, high-class filters (e.g. F7), air ionizers and purifiers.
- Use of above-standard installation elements (e.g. oversized retention tanks).
- Internal ESG audits using global standards (e.g. CRREM analysis).
- Annual audit and calculation of the carbon footprint based on the GHG Protocol.
- Annual publication of ESG Reports using global standards (such as GRI, TCFD).

- Implementation of improvements to enhance ESG indicators (e.g. use of low-emission energy sources, use of innovative solutions in the field of circular economy, modernization of buildings towards zero-emission and circular economy).
- Implementation of ESG strategies (e.g. decarbonisation, social targets) and ESG policies (e.g. Code of Conduct).
- Gradual introduction of ESG requirements in the course of cooperation with suppliers.
- Implementation of emergency preparedness procedures and actions in line with the water and air quality management procedure based on the WELL Health-Safety Rating certification guidelines.
- Analysis of the importance of sustainable development issues from the perspective of Stakeholders and planning activities taking into account their opinions.
- Ongoing actions to mitigate negative impacts.

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.

<u>Integrity code and rules</u>

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.

<u>Sustainability / health and safety legislation</u>

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.

<u>Fraud risk</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal regulations

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

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

Financial risk

The Group manages financial risks through its risk management function. 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 in 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 on 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 2023 and 31 December 2022 approximates the carrying value.

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

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

Liquidity risk

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

The Group’s liquidity position is monitored 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. Code of conduct of Olivia Centre was implemented on 17.08.2023.

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

Social aspects of the business

The Group is very active within the local society of Gdansk, especially in the district of Gdansk Olivia where the Olivia Centre is located. The Group is dedicated to comply with rule of good neighborhood and takes part in many local activities, such as renovation works within the district, open events for children and elderlies and support to local schools.

Health and well-being is a key part of Group's ESG strategy. The pandemic has magnified this issue and pushed it to the forefront of our thinking. Ensuring that Olivia Centre is as safe as possible for all its users has been paramount in our thinking since the outbreak of the novel coronavirus. The Group have implemented procedures and installed innovative technological solutions to give peace of mind to everybody using the centre. In 2022 Olivia Centre was recertified 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 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 (2 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 the newest building, Olivia Prime B in 2023/2024.

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 buildings "Olivia Prime B" remain in the final commercialization phase (in offer there was app. 20% gross leasable area "GLA" of Prime B). The Group is in the process of negotiating the terms of lease for further space and plans to complete the commercialization process in 2023.

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 and the war in Ukraine. All projects and related schedules are subject to constant analysis in terms of their timeliness in relation to the current situation, which remains dynamic. In first quarter 2023 the Group obtain a building permit for two buildings Olivia 10 (with the purpose of housing premises for rent – PRS) and Olivia 11.

The Group in 2022 has decided to expand its activities to the residential market– the first residential project Platynowa Park is in the process of sale - the apartments are scheduled to be delivered to buyers in the second half of 2023. Tonsa is in the process of looking for new projects that could be developed in the coming years.

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

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

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

From May 16, 2022, the state of epidemic, which had been in force for over two years, was lifted in Poland. For this reason, it should be considered that the impact of the COVID-19 pandemic on the economic situation is no longer significant.

According to data from Jones Land LaSalle in the first half of 2023, the total demand for office space in the main regional markets in Poland amounted to 334,100 m², which is a relatively high result similar to pre-pandemic volumes. Renegotiations of existing lease agreements have a significant share in the demand structure (33%), while the share of pre-lease agreements is marginal. This is confirmed by the fact that the office market in Poland is still in a phase of great uncertainty. Q2 2023, there was an increase in rent rates for prime office space in Wrocław and Tricity (€13.9-15.9/m²/month).

The war in Ukraine, and the resulting uncertain socio-political situation, inflation, new legal regulations in the field of sustainable development of companies and challenges related to new work models will continue to affect the real estate market. We are seeing a clear slowdown in developer activity on the office market. The downtime in issuing new building permits will result in a supply gap in following years. The decline in the supply of new office space is due to several factors, including: record high level of inflation, which drives the increase in the costs of, among others, the prices of construction materials, land, utilities and wages. On the other hand, the low supply of new space puts pressure on asking rents, and rising energy prices will affect service fees. However, this will not cause a material decrease in tenant activity. The market is seeing more and more frequent decisions by companies to return employees to offices.

Russia's invasion of Ukraine intensified the relocation of some companies operating in the East (Ukraine, Russia, Belarus), and the Olivia Centre is also a beneficiary of this situation. Poland, being a member of both the European Union and NATO, guarantees a stable shelter for business and employees who, in search of security, decided to come to Poland. The change was mainly made by large organizations that have recipients in the world and their branches were located in the East. The war, geopolitical exclusion, pressure from foreign shareholders and the fear of losing foreign clients were the main factors that decided about signing office lease agreements in Poland and relocating employees.

Poland maintains its position as the most attractive market in Central and Eastern Europe thanks to high liquidity as well as a wide range of high-quality investment products. According to the Management Board, the need to seek savings due to the growing operating costs will be one of the main challenges the office real estate market will face in the coming quarters. ESG is becoming an increasingly important justification for business decisions. Better work comfort will have an increasingly important impact on the efficiency of employees and the increase in the frequency of working from the office. Poland will

continue to be a leader in investment activity, while increasing its share as a key market in the region of Central and Eastern Europe. A possible adjustment of the value of capital assets should be significantly compensated by an increase in rents, which will generate investor interest. Investors perceive office buildings as an attractive asset due to the potential for rental growth, high demand and net absorption. The popularization of the hybrid work model contributes to the diversification of the number of tenants and does not pose a threat to the prospects for further development of the office market in Poland. The increase in the prices of building materials and alternative possibilities of using land, originally intended for office investments, in order to implement PRS investments (institutional rental of apartments) will contribute to limiting the supply of new office buildings, which will result in an increase in rents in the coming years. Office space arrangements, combined with the supply gap will influence tenants' decisions regarding the location of their offices. According to the Management Board, tenants will be more willing to stay in their current office location or choose well-functioning business centres with an established reputation among tenants, offering, in addition to environmental profit, also high comfort and pleasure of working from the office.

In the first half of 2023, a change is visible in the primary housing market in Poland. The announcement and subsequent quick adoption of the act introducing a new housing program "loan for 2%" resulted in the return of apartment sales in Poland to the level of the second half of the 2010s. 2021 - despite record high interest rates in recent years, high inflation and the war in Ukraine.

The greatest impact on the housing market was fear of a possible increase in prices and a reduction in the offer. Buyers looking for apartments, both for their own needs and for investment purposes, accelerated their purchasing decisions. After three quarters of stagnation in the housing market, new supply increased. The largest increase compared to the previous quarter took place in Tricity, by 127%. An upward trend is visible in all regional cities. If developers do not quickly increase new supply, they will have to artificially limit sales, and the imbalance will result in a rapid increase in prices. According to Jones Land LasSalle, the housing market in Poland is in a situation known from previous crises, when banks simultaneously stimulate demand (in connection with the "2% loan" program) while limiting new supply. Very good sales and new supply that cannot keep up mean that the markets are entering a phase of clear excess demand. The supply-demand imbalance may therefore cause another significant increase in housing prices in the following months. PRS projects are very popular, and new investments are rented very quickly despite high rents. These projects help somewhat alleviate the significant housing deficit that exists in all major cities. Given these strong market fundamentals, investor interest in the Polish market remains huge, even if high financing costs pose a challenge to new investments from an investor perspective.

The huge potential of the Polish institutional rental market is due to several factors, including: structural shortage of apartments for rent and growing demand resulting in full occupancy of almost all existing institutional projects. Other factors are the needs of economic migrants or refugees looking for a safe place to live, the development of cities resulting from the low level of urbanization, the process of singularization of households, as well as mobility related to various forms of employment. According to the Management Board, the expected compression of capitalization rates and further price increases in the coming years constitute an incentive to enter this market. The Group plans to implement the next stage of Olivia Center in this market segment.

III. Selected consolidated financial data

	In thousands PLN		In thousands EUR	
Selected financial data	**I half 2023**	**I half 2022**	**I half 2023**	**I half 2022**
Gross rental income	67 625	58 585	14 660	12 619
Net rental income	57 091	56 037	12 376	12 070
Net operating profit	52 960	52 272	11 481	11 259
Profit before taxation	85 693	23 792	18 576	5 125
Profit after taxation	70 110	18 260	15 198	3 933

	In thousands PLN		In thousands EUR	
Selected financial data	**06.2023**	**12.2022**	**06.2023**	**12.2022**
Total assets	2 790 633	2 742 251	627 066	585 876
Non-current assets	2 568 070	2 549 827	577 055	544 765
Current assets	222 563	192 424	50 011	41 111
Total liabilites	1 700 500	1 719 779	382 109	367 427
Current liabilities	471 258	286 027	105 893	61 109
Non-current liabilities	1 229 243	1 433 752	276 216	306 318
Total equity	1 090 132	1 022 472	244 957	218 449
Retained earnings	67 637	125 066	15 198	26 720

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 2023 using the average exchange rate – 4,4503
- 31 December 2022 using the average exchange rate – 4, 6899
- 30 June 2022 using the average exchange rate – 4, 6806

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 2023 until 30 June 2023 – 4,6130
- arithmetic mean of rates for the period from 1 January 2022 until 31 December 2022 – 4,6833
- arithmetic mean of rates for the period from 1 January 2022 until 30 June 2022 – 4,6427.

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 01.01.2023 TO 30.06.2023

Rotterdam, 22.09.2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2023	31 December 2022	30 June 2022
ASSETS				
Non-current assets		**577 055**	**544 765**	**515 383**
Standing investments	15	500 850	473 294	448 612
Development and lands	15	29 641	27 892	29 165
Right of use assets		771	681	734
Property and equipment		48	46	0
Intangible assets		8	10	11
Deferred tax assets		1 723	1 996	1 254
Long term loans and bonds	6	22 472	20 083	18 358
Long term derivative financial instruments assets	20	8 610	10 738	6 159
Other long-term financial assets	19	6 336	4 629	5 150
Other long-term assets	19	6 596	5 396	5 940
Current assets		**50 011**	**41 111**	**41 007**
Inventories	17	5 420	6 369	5 481
Receivables from tenants	18	4 345	4 573	4 897
Other short term receivables		0	0	334
Income tax receivable		150	0	0
Short term loans and bonds	6	1 129	1 064	16
Short term derivative financial instruments	20	1 044	0	0
Other short-term financial assets	19	1 067	444	88
Other short-term assets	19	5 080	4 907	4 081
Cash and cash equivalents		31 776	23 754	26 110
TOTAL ASSETS		**627 066**	**585 876**	**556 390**
EQUITY AND LIABILITIES				
Total equity		**244 957**	**218 449**	**196 880**
Issued share capital	22	188 010	188 010	188 010
Reserve capital		137	137	137
Foreign currency translation reserve		-3 440	-14 751	-14 314
Retained earnings	25	45 052	18 333	19 115
Profit for the year		15 198	26 720	3 933
Non-current liabilities		**276 216**	**306 318**	**295 340**
Long term borrowings	23	235 897	270 844	266 660
Deferred tax liabilities		38 810	34 286	26 946
Long term lease liabilities	6	995	853	904
Long term derivative financial instruments liabilities	20	160	0	0
Long term accrued income		353	335	830
Current liabilities		**105 893**	**61 109**	**64 170**
Trade and other payables	24	3 855	5 352	1 753
Short term borrowings	23	91 407	45 383	51 369
Short term lease liabilities	6	59	92	87
Short term derivative financial instruments liabilities		0	3 148	4 487
Income tax payable	14	142	6	111
Other short term financial liabilities	25	4 896	4 816	4 769
Other short term liabilities	25	1 826	746	1 378
Short term accrued income		3 706	1 564	216
Provisions		2	2	0
TOTAL EQUITY AND LIABILITIES		**627 066**	**585 876**	**556 390**

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023

	Note	01-06/2023	01-12/2022	01-06/2022
Gross rental income	9	14 660	26 548	12 619
Service charge income	9, 10	6 022	9 282	4 630
Net property expenses	10	-8 306	-10 833	-5 179
Net rental income		**12 376**	**24 997**	**12 070**
Revaluation of standing investments, net	15	-58	20 960	-51
Profit on sale of fixed assets		0	170	171
Revaluation of developments and land, net	15	0	-1 514	0
Other depreciation, amortisation and impairments		-2	6	0
Administrative expenses	11	-836	-2 081	-931
Net operating profit		**11 481**	**42 538**	**11 259**
Interest expenses, net	12	-6 251	-12 067	-5 452
Interest income		1 631	1 834	707
Interest expense		-7 882	-13 901	-6 158
Foreign currency differences	6.2	10 843	-4 244	-4 053
Other financial expenses, net	13	2 504	8 955	3 370
Profit before taxation		**18 576**	**35 182**	**5 125**
Taxation charge for the period	14	-3 378	-8 462	-1 192
Profit after taxation for the year		**15 198**	**26 720**	**3 933**
Exchange differences on translation of foreign operations		11 309	-3 808	-3 369
Other comprehensive income		**11 309**	**-3 808**	**-3 369**
Total comprehensive income for the year		**26 508**	**22 912**	**564**
Total comprehensive income attributable to the Company shareholder arising from continuing operations		**26 508**	**22 912**	**564**

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 2023 TO 30 JUNE 2023

All amounts in thousands EUR	Note	Issued share capital	Reserve capital	Foreign currency translation reserve	Retained earnings	Profit for the year	Total
1 January 2023		**188 010**	**137**	**-14 751**	**18 333**	**26 720**	**218 449**
Profit for the year		0	0	0	0	15 198	**15 198**
Foreign currency translation		0	0	11 309	0	0	**11 309**
Profit distribution		0	0	0	26 720	-26 720	**0**
30 June 2023		**188 010**	**137**	**-3 440**	**45 052**	**15 198**	**244 957**
1 January 2022		**187 710**	**0**	**-10 943**	**9 454**	**10 125**	**196 346**
Profit for the year		0	0	0	0	26 720	**26 720**
Foreign currency translation		0	0	-3 808	0	0	**-3 808**
Profit distribution		0	0	0	10 125	-10 125	**0**
Shares issued		300	137	0	0	0	**437**
Business combination		0	0	0	-1 246	0	**-1 246**
31 December 2022		**188 010**	**137**	**-14 751**	**18 333**	**26 720**	**218 449**
1 January 2022		**187 710**	**0**	**-10 943**	**9 454**	**10 126**	**196 347**
Profit for the year		0	0	0	0	3 933	**3 933**
Foreign currency translation		0	0	-3 369	0	0	**-3 369**
Profit distribution		0	0	0	10 126	-10 126	**0**
Shares issued		300	137	0	0	0	**437**
Business combination		0	0	0	-465	0	**-465**
30 June 2022		**188 010**	**137**	**-14 314**	**19 115**	**3 933**	**196 880**

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 2023 TO 30 JUNE 2023

	Note	01-06.2023	01-12.2022	01-06.2022
Cash flows from operating activities				
Profit before taxation		18 576	35 182	5 125
Adjustments for:		**-5 079**	**-13 272**	**5 295**
Other depreciation, amortisation and impairments		2	0	0
Revaluation of financial instrument		-1 903	-10 084	-4 165
Revaluation of standing investments, net	15	57	-20 960	0
Revaluation of developments and land, net	15	0	1 514	0
Foreign exchange loss, net		-9 537	-157	4 826
Income from sale of fixed assets		0	-170	-171
Interest expense		7 728	13 824	5 784
Interest income		-1 427	-1 524	-978
Other		0	4285	0
Operating cash flows before working capital changes		**13 497**	**21 910**	**10 420**
Change in receivables from tenants, other receivables, other assets, prepayments and prepaid expenses		-1 145	-1 660	-2 036
Change in inventories		949	-615	284
Change in trade, other payables, accrued expenditure and other liabilities		2577	3 071	1 014
Cash flow from operations		**15 878**	**22 706**	**9 682**
Corporation taxes paid, net		-442	-821	-281
Net cash flow from operating activities		**15 436**	**21 885**	**9 401**
Expenditure on investment property completed and under development		-3 697	-7 574	-5 183
Proceed from sale of investment property completed and under development		672	187	992
Acquisition of subsidiary, net of cash acquired		0	410	380
Loans granted		-867	-3 931	-1 293
Interest received from loans and bonds granted		75	261	173
Expenditure on fixed and intangible assets		0	-4	- 4
Net cash flow from investing activities		**-3 817**	**-10 651**	**-4 935**
Net cash flow before financing activities		**11 619**	**11 234**	**4 466**
Proceeds from borrowings	23	47 484	14 690	4 868
Repayment of borrowings	23	-41 844	-15 523	-3 271
Change of receivables representing restricted cash		-2 323	-503	-669
Interest paid		-6 877	-12 258	-5 393
Repayments of finance leases		-37	8	2
Net cash flow from financing activities		**-3 597**	**-13 586**	**-4 463**
Net change in cash and cash equivalents		**8 023**	**-2 352**	**3**
Cash and cash equivalents at the beginning of year		**23 754**	**26 107**	**26 107**
Cash and cash equivalents at the end of year		**31 777**	**23 754**	**26 110**

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 2023 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 2023 the Tonsa Group consisted of the following entities:

Name of entity	**Statutory seat**	**Ownership interest held by the Group**	**Ownership interest held by non-controlling interests**	**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.	Gdańsk, Poland	100%	0%	General partner
Olivia Fin Sp. z o.o. SKA	Gdańsk, Poland	100%	0%	Financing
Olivia Home Platynowa Park *	Gdańsk, Poland	100%	0%	Development of investments on residential market
TP3 Sp. z o.o. *	Gdańsk, Poland	100%	0%	The company is not actively involved in operating activities
Brillant 3756. GmbH*	Berlin, Germany	100%	0%	The company is not actively involved in operating activities
OBC Sp. z o.o.*	Gdańsk, Poland	100%	0%	Financing

* 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 2022.

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 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 01/01/2023 to 30/06/2023 did not change. A detailed description of the accounting policy is presented in the annual consolidated financial statements for 2022.

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

- IFRS 17 "Insurance Contracts" with subsequent amendments to IFRS 17 approved by the EU on November 19, 2021 (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (effective for annual periods beginning on or after January 1, 2023 or later),
- Amendments to IAS 1 "Presentation of Financial Statements" and guidelines of the IFRS Board on disclosures about accounting policies in practice - the requirement to disclose material information about accounting policies (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of accounting estimates (effective for annual periods beginning on or after January 1, 2023),

- Amendments to IAS 12 Income Taxes: Deferred Tax on Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after January 1, 2023).

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 2023 and not early adopted by the Group – none.

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

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

- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback,
- 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 IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements,
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability,
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after January 1, 2016) - the European Commission decided not to endorse this interim standard while waiting for its final version,
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in associates and joint ventures"- sale or contribution of assets between the investor and its associate or joint venture and subsequent changes (the effective date of the changes has been postponed until the completion of research on the equity method).

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

5.1. Explanations concerning the seasonality and cyclicality 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 cyclicality 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 2023 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 2023	**Financial assets**	**Financial liabilities**	**Net exposure**
EUR	23 876	270 112	-246 235
PLN	52 903	67 158	-14 255
Total	**76 779**	**337 270**	**-260 490**

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

Foreign currency differences gain, in the amount of kEUR 10.843, in current year result is mainly caused by valuation of borrowings in EUR, due to increase in PLN/EUR FX rate (4,4503 as at 30 June 2023, whereas as at 31 December 2022: 4,6899).

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

As at 30 June 2023 if the Euro weakened/strengthened by 10% against the Polish Zloty post-tax profit for the year would have been kEUR 19.945 higher/lower.

As at 31 December 2022 if the Euro weakened/strengthened by 10% against the Polish Zloty post-tax profit for the year would have been kEUR 18.341 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 in not expected to be significant to the Group.

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

The Group's policy is to fix the interest rate on its variable interest borrowings. To manage this, the Group enters into interest rate swaps and CAP options in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed 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 2023, if interest rates had been 100 basis points higher (31 December 2022: 100 basis points higher) with all other variables held constant, post-tax profit for the year would have been kEUR 862 (31 December 2022: kEUR 1.163) lower. If interest rates had been 100 basis points lower (31 December 2022: 100 basis points lower) with all other variables held constant, post-tax profit for the year would have been kEUR 862 (31 December 2022: kEUR 1.163) higher.

6.3. Credit risk

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

Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees, contract assets, rental guarantees, contractual cash flows of debt investments carried at FVOCI and 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 2023	31 December 2022
Receivables from tenants	4 345	4 573
Loans and bonds	23 601	21 147
Other financial assets	7 403	5 073
Cash and cash equivalents	31 776	23 754
Total	**67 125**	**54 547**

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 2023 and 31 December 2022 approximates the carrying value.

Analysis by credit quality of financial assets is as follows:

	30 June 2022	31 December 2021
Receivables from tenants (gross)	4 476	4 704
Less: Impairment provision	-131	-131
Trade receivables - net of provision for impairment	**4 345**	**4 573**

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.	A-	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 2023	31 December 2022
Due within one year	117 214	60 597
Due in second year	82 410	149 958
Due within third to fifth year	174 801	139 495
Due after five years	0	0
Total	**374 425**	**350 050**

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 2023 and at 31 December 2023 were as follows:

	30 June 2023	31 December 2022
Borrowings	327 304	316 227
Lease liabilities	1 054	945
Less: Cash and cash equivalents	-31 776	-23 754
Less: Borrowings from related parties	-385	-2 364
Net debt	**296 197**	**291 054**
Total equity	244 957	218 449
Borrowings from related parties	385	2 364
Total capital	**541 539**	**511 867**
Gearing ratio	55%	57%

6.6. Fair value estimation

a. Assets and liabilities carried at fair value

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

The different levels are defined as follows:

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

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

30 June 2023	Level 1	Level 2	Level 3	Total
Derivative financial assets	0	9 654	0	9 654
Derivative financial liabilities	0	160	0	160

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

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

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

Financial instruments in Level 2

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

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

Specific valuation techniques used to value financial instruments include:

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

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

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value as at 30 June 2023 but for which fair value is disclosed.

30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Receivables from tenants	0	0	4 345	4 345
Loans and bonds	0	23 601	0	23 601
Other financial assets	0	7 403	0	7 403
Cash and cash equivalents	31 776	0	0	31 776
Total	**31 776**	**31 003**	**4 345**	**67 125**
Liabilities				
Trade and other payables	0	3 855	0	3 855
Borrowings	0	327 304	0	327 304
Lease liabilities	0	1 054	0	1 054
Other financial liabilities	0	4 896	0	4 896
Total	**0**	**337 109**	**0**	**337 109**

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

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

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. The organization and management of the Group are divided into segments, taking into account the type of activity. As a result of the analysis of the aggregation criteria and quantitative thresholds, the following operating segments were disclosed in the Group's consolidated financial statements 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, are the segment's operating profit / loss determined in accordance with the principles of IFRS.

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

2023.06	Commercial properties for rent	Residential properties for sale	Other	Eliminations and corporate	Total
Net rental income	**12 776**	**-343**	**-1**	**-56**	**12 376**
Net result on disposals	0	0	0	0	**0**
Revaluation of standing investments, net	-58	0	0	0	**-58**
Revaluation of developments and land, net	0	0	0	0	**0**
Other depreciation, amortisation and impairments	0	-2	0	0	**-2**
Administrative expenses	-547	-112	-107	-70	**-836**
Net operating profit	**12 171**	**-457**	**-108**	**-125**	**11 481**
Interest expenses, net				-6 251	**-6 251**
Foreign currency differences				10 843	**10 843**
Other financial result, net				2 504	**2 504**
Profit before taxation	**12 171**	**-457**	**-108**	**6 970**	**18 576**
Taxation charge for the period				-3 378	**-3 378**
Profit after taxation for the year	**12 171**	**-457**	**-108**	**3 592**	**15 198**
Total assets	**652 528**	**9 423**	**61 639**	**-96 524**	**627 066**
Total liabilities	**403 339**	**10 673**	**63 659**	**-95 562**	**382 109**

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

	01-06/2023	01-12/2022	01-06/2022
Service charge cost, net	651	971	-114
Modernizations, repairs, renovations cost	140	436	58
Other property related costs	1 492	144	605
Total	**2 283**	**1 551**	**549**

11. Administrative expenses

	01-06/2023	01-12/2022	01-06/2022
Legal and consulting costs	234	389	161
Asset management services	85	622	34
Accounting, secretarial and administration costs	356	737	353
Taxes and other fees	50	37	22
Other	111	296	362
Total	**836**	**2 081**	**931**

12. Interest expenses, net

	01-06/2023	01-12/2022	01-06/2022
Interest income	-1 631	-1 905	-707
Interest expense from lease	25	48	25
Interest expense from loans	5 610	9 973	4 452
Interest expense from bonds	2 238	3 936	1 678
Other	9	15	4
Total	**6 251**	**12 067**	**5 452**

13. Other financial expenses, net

	01-06/2023	01-12/2022	01-06/2022
Impairment of financial instruments	585	-1 730	0
Derivatives valuation results	-3 234	-8 052	-3 830
Other financial expenses, net	145	827	460
Total	**-2 504**	**-8 955**	**-3 370**

14. Income taxes

	01-06/2023	01-12/2022	01-06/2021
Current tax	428	763	209
Deferred tax	2 950	7 699	1 693
Total	**3 378**	**8 462**	**1 902**

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 2023		**31 December 2022**	
	Standing investments	**Developments and lands**	**Standing investments**	**Developments and lands**
At the beginning of the reporting period	**473 294**	**27 892**	**454 077**	**29 437**
Gains or Losses included in the revaluation of investment properties	0	0	20 960	-1 514
Disposals	-672	0	-17	0
Construction, technical improvements and extensions	2 707	238	7 110	537
Currency translation difference	25 521	1 511	-8 836	-568
At the end of the reporting period	**500 850**	**29 641**	**473 294**	**27 892**

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 2023 there was no active projects (office buildings under construction) in Developments and lands (in 2022: none). The only amount in this position is land reserve.

Valuation processes

The Group's investment properties were valued as at 31 December 2022 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 20.

17. Inventories

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

18. Receivables from tenants

	30 June 2023	31 December 2022
Receivables	4 476	4 704
Less: Provision for impairment	-131	-131
Total	**4 345**	**4 573**

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 2023 the Group hasn’t recognised a loss relating to the impairment of its trade receivables (2022: 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:

	01-06.2023	01-12.2022	01-06.2022
Beginning of the period	**131**	**87**	**87**
Impairment loss recognised	0	77	0
End of the period	**131**	**131**	**87**

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

19. Other financial assets and other assets

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

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

20. Derivative financial instruments

	30 June 2023		31 December 2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps and CAP options	9 654	160	10 738	-
Forward foreign exchange contracts	-	-	-	3 148
Total	**9 654**	**160**	**10 738**	**3 148**

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 2023 were kEUR 0 (2022: kEUR 36.061). The notional principal amounts of the outstanding interest rate swap and CAP options as at 30 June 2023 were kEUR 220.900 (2022: kEUR 172.659).

Maturity dates of financial instruments are presented below:

Entity	Type of hedging transaction	Maturity date	Notional value kEUR
Olivia Star SA	CAP	30.01.2024	55 722
Olivia 4 SA	CAP	15.12.2025	16 866
Olivia 4 SA	CAP	15.12.2025	3 317
Olivia Prime B Sp. z o.o.	IRS	30.11.2026	29 585
Olivia Gate Sp. z o.o.	IRS	13.08.2026	24 133
J-Home SA	IRS	13.08.2026	23 676
Olivia Point&Tower Sp. z o.o.	IRS	27.12.2025	27 606
Olivia Seven Sp. z o.o.	IRS	31.12.2024	39 995

21. Non-current assets classified as held for sale

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

22. Issued share capital

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

23. Borrowings

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

	30 June 2023	31 December 2022
Loans and bonds	**57 353**	**45 136**
long term	45 079	45 101
short term	12 274	35
Bank loans	**269 951**	**271 091**
long term	190 818	225 743
short term	79 133	45 348
Total	**327 304**	**316 227**

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 2023		31 December 2022	
	Loans and bonds	Bank loans	Loans and bonds	Bank loans
Due within one year	12 273	79 134	35	45 348
Due in second year	25 043	82 584	21 375	118 005
Due within third to fifth year	20 037	108 233	23 726	83 822
Due after five years	0	0	0	23 916
Total	**57 353**	**269 951**	**45 136**	**271 091**

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 2023:

	Loans and bonds	Bank loans	Total
31 December 2021	**43 710**	**271 877**	**315 587**
Proceeds from borrowings	9 561	5 129	14 690
Repayments of borrowings	-9 028	-6 495	-15 523
Other movements	1 549	1 722	3 271
Exchange rate differences	-656	-1 142	-1 798
31 December 2022	**45 136**	**271 091**	**316 227**
Proceeds from borrowings	9 380	38 105	47 484
Repayments of borrowings	0	-41 844	-41 844
Other movements	57	-3 266	-3 208
Exchange rate differences	2 780	5 865	8 645
30 June 2023	**57 353**	**269 951**	**327 304**

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 2023 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	67% in 2023, 66,25% in 2024, 65,50% in 2025, 64,75% in 2026 and 64% in 2027	n/a	Equity including subordinated debt above 0 and at the same time not lower than the value of the Borrower's core capital

	Historical DSCR	period	Forecasted DSCR	period	Forecasted ISCR	period	LTV	LTC	Other
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

24. Trade and other payables

	30 June 2022	31 December 2022
Trade payables	2 593	3 338
Payables connected with development/construction	1 262	2 014
Trade payables	**3 855**	**5 352**

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

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

25. Other financial liabilities and other liabilities

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

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

26. Dividends

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

27. Business combination

There were no business combinations in the Group in first half of 2023 financial year.

28. Contingencies and commitments

The Group has no contingencies and commitments.

29. Related party transactions

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

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

Transactions carried out in first half of 2023 or balances outstanding as at 30 June 2023 with related parties (which are entities controlled by the same ultimate owner) are presented below:

	Loans given	Trade and other receivables	Borrowings	Trade and other payables	Sales	Purchases
TONSA S.A. - SICAF-RAIF	0	1	320	16	0	0
AZO DIGITAL Sp. z o.o.	114	0	0	0	0	0
B1-OP3 Sp.z o.o. SKA	6 305	0	0	0	1	20
BMP1 Sp. z o.o.	0	0	0	2	0	78
Construction+ Sp. z o.o.	1 637	2	0	642	14	499
Fundacja Gdańsk Global	260	649	0	0	824	10
GPT Invest Sp z o.o.	501	147	0	0	0	5
Maintenance+ Sp. z o.o.	581	0	0	709	1	1 800
Olivia Serwis Sp. z o.o.	3 654	1 459	0	469	1 362	968
Olivia Six Sp. z o.o.	62	218	42	129	0	0
PSDW Sp. z o.o.	1 526	0	0	0	0	45
RS Sp. z o.o.	3 830	0	0	0	1	79
Security+ Sp. z o.o.	0	1	0	232	33	526
STE Sp. z o.o.	1 138	0	0	0	0	0
TP2 Sp. z o.o.	1 272	0	0	0	0	38
Olivia Home Sp. z o.o.	124	216	0	180	16	438
Other	0	31	0	53	27	52
Total	**21 002**	**2 722**	**362**	**2 433**	**2 281**	**4 557**

Transactions carried out in 2022 or balances outstanding as at 31 December 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
TONSA S.A. - SICAF-RAIF	0	1	320	16	0	0
AZO DIGITAL Sp. z o.o.	104	0	0	0	0	0
B1-OP3 Sp.z o.o. SKA	5 321	0	0	0	2	0
BMP1 Sp. z o.o.	0	0	0	2	1	138
Construction+ Sp. z o.o.	1 783	2	0	278	25	1 159
Fundacja Gdańsk Global	6	627	0	18	1 659	53
GPT Invest Sp z o.o.	436	1	0	0	1	0
Maintenance+ Sp. z o.o.	527	2	0	678	15	3 405
Olivia Serwis Sp. z o.o.	2 970	1 741	0	1 102	2 631	1 671
Olivia Six Sp. z o.o.	59	208	39	122	1	0
PSDW Sp. z o.o.	1 404	0	0	0	0	0
RS Sp. z o.o.	3 618	0	0	0	2	0
Security+ Sp. z o.o.	0	2	0	192	62	792
STE Sp. z o.o.	1 037	1	0	0	1	0
TP2 Sp. z o.o.	1 217	0	0	0	0	0
Olivia Home Sp. z o.o.	112	208	0	131	32	317
Other	0	13	0	39	13	87
Total	**18 594**	**2 806**	**359**	**2 578**	**4 445**	**7 622**

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.

30. Other disclosures

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

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

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

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

31. 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

From May 16, 2022, the state of epidemic, which had been in force for over two years, was lifted in Poland. For this reason, it should be considered that the impact of the COVID-19 pandemic on the economic situation is no longer significant.
According to data from Jones Land LaSalle in the first half of 2023, the total demand for office space in the main regional markets in Poland amounted to 334,100 m², which is a relatively high result similar to pre-pandemic volumes. Renegotiations of existing lease agreements have a significant share in the demand structure (33%), while the share of pre-lease agreements is marginal. This is confirmed by the fact that the office market in Poland is still in a phase of great uncertainty. In Q2 2023, there was an increase in rent rates for prime office space in Wrocław and Tricity (€13.9-15.9/m²/month).
The war in Ukraine, and the resulting uncertain socio-political situation, inflation, new legal regulations in the field of sustainable development of companies and challenges related to new work models will continue to affect the real estate market. We are seeing a clear slowdown in developer activity on the office market. The downtime in issuing new building permits will result in a supply gap in following years. The decline in the supply of new office space is due to several factors, including: record high level of inflation, which drives the increase in the costs of, among others, the prices of construction materials, land, utilities and wages. On the other hand, the low supply of new space puts pressure on asking rents, and rising energy prices will affect service fees. However, this will not cause a material decrease in tenant activity. The market is seeing more and more frequent decisions by companies to return employees to offices.
Russia's invasion of Ukraine intensified the relocation of some companies operating in the East (Ukraine, Russia, Belarus), and the Olivia Centre is also a beneficiary of this situation. Poland, being a member of both the European Union and NATO, guarantees a stable shelter for business and employees who, in search of security, decided to come to Poland. The change was mainly made by large organizations that have recipients in the world and their branches were located in the East. The war, geopolitical exclusion, pressure from foreign shareholders and the fear of losing foreign clients were the main factors that decided about signing office lease agreements in Poland and relocating employees.
Poland maintains its position as the most attractive market in Central and Eastern Europe thanks to high liquidity as well as a wide range of high-quality investment products. According to the Management Board, the need to seek savings due to the growing operating costs will be one of the main challenges the office real estate market will face in the coming quarters. ESG is becoming an increasingly important justification for business decisions. Better work comfort will have an increasingly important impact on the efficiency of employees and the increase in the frequency of working from the office. Poland will continue to be a leader in investment activity, while increasing its share as a key market in the region of Central and Eastern Europe. A possible adjustment of the value of capital assets should be significantly compensated by an increase in rents, which will generate investor interest. Investors perceive office buildings as an attractive asset due to the potential for rental growth, high demand and net absorption. The popularization of the hybrid work model contributes to the diversification of the number of tenants and does not pose a threat to the prospects for further development of the office market in Poland. The increase in the prices of building materials and alternative possibilities of using land, originally intended for office investments, in order to implement PRS investments (institutional rental of apartments) will contribute to limiting the supply of new office buildings, which will result in an increase in rents in the coming years. Office space arrangements, combined with the supply gap will influence tenants' decisions regarding the location of their offices. According to the Management Board, tenants will be more willing to stay in their current office location or choose well-functioning business centres with an established reputation among tenants, offering, in addition to environmental profit, also high comfort and pleasure of working from the office.
In the first half of 2023, a change is visible in the primary housing market in Poland. The announcement and subsequent quick adoption of the act introducing a new housing program "loan for 2%" resulted in the return of apartment sales in Poland to the level of the second half of the 2010s. 2021 - despite record high interest rates in recent years, high inflation and the war in Ukraine.
The greatest impact on the housing market was fear of a possible increase in prices and a reduction in the offer. Buyers looking for apartments, both for their own needs and for investment purposes, accelerated their purchasing decisions. After three quarters of stagnation in the housing market, new supply increased. The largest increase compared to the previous quarter

took place in Tricity, by 127%. An upward trend is visible in all regional cities. If developers do not quickly increase new supply, they will have to artificially limit sales, and the imbalance will result in a rapid increase in prices. According to Jones Land LasSalle, the housing market in Poland is in a situation known from previous crises, when banks simultaneously stimulate demand (in connection with the "2% loan" program) while limiting new supply. Very good sales and new supply that cannot keep up mean that the markets are entering a phase of clear excess demand. The supply-demand imbalance may therefore cause another significant increase in housing prices in the following months. PRS projects are very popular, and new investments are rented very quickly despite high rents. These projects help somewhat alleviate the significant housing deficit that exists in all major cities. Given these strong market fundamentals, investor interest in the Polish market remains huge, even if high financing costs pose a challenge to new investments from an investor perspective.
The huge potential of the Polish institutional rental market is due to several factors, including: structural shortage of apartments for rent and growing demand resulting in full occupancy of almost all existing institutional projects. Other factors are the needs of economic migrants or refugees looking for a safe place to live, the development of cities resulting from the low level of urbanization, the process of singularization of households, as well as mobility related to various forms of employment. According to the Management Board, the expected compression of capitalization rates and further price increases in the coming years constitute an incentive to enter this market. The Group plans to implement the next stage of Olivia Center in this market segment.

32. 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, 22 September 2023