BALKANS REAL ESTATE B.V.

at Amsterdam

Statutory Annual Report 2021

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MANAGEMENT BOARD REPORT

1. *GENERAL*

Balkans Real Estate B.V. (hereafter BRE B.V.) is the head of a group of real estate investment companies, all based in Serbia. Its principal strategy is to acquire companies and manage its subsidiaries in the real estate market and also to facilitate the subsidiaries with managing their investment properties. The real estate is principally of a commercial nature and comprises of shopping malls, with a focus to expand in this area as well as community centers and large office buildings.

BRE B.V. is domiciled in the Netherlands. The address of BRE B.V. registered office is Gustav Mahlerplein 28, 1082 MA Amsterdam.

The ultimate parent company is Ultsert Holding Ltd.

2. *MARKET ANALYSIS*

After the intensive development activity that occurred in the period 2017-2020, the year 2021 noted slightly slower trend with only two completed retail formats in Belgrade. Namely, after the completion of Nest retail park in the Belgrade municipality Obrenovac in Q2, the last quarter has witnessed the completion of WEST65 totalling 11,000sqm. This format is opened within established West65 residential complex, which will complement the offer in this part of New Belgrade. With this opening, the modern total retail stock in Belgrade has reached the level of 555,000sqm of GLA, or 334sqm per 1,000 inhabitants.

Looking at Serbian market as a whole, the interest among investors remains strong. Despite coronavirus, during 2021, four retail formats were completed elsewhere in Serbia and opened to the customers, including Delta Planet, the large western-type shopping centre of 30,000sqm opened in the third largest Serbian city, the city of Nis. Well-established retail investor BIG CEE has expanded its retail park in the city of Novi Sad by additional 10,000sqm, bringing new offer to the city, including the first Decathlon outside of Belgrade. Inaddition, two smaller retail formats were completed in Pirot and Leskovac of 8,000 and 5,500sqm respectively, which together with the formats completed in Belgrade bring the annual completion to the level of 80,000sqm. Consequently,the total modern retail stock in Serbia amounts to app.1,150,000sqm of GLA, or 160 per 1,000 inhabitants.

Although, e-commerce has increased during the pandemic, still, traditional in-store shopping is still very present in Belgrade and Serbia and stores continue to recover to pre-pandemic levels, especially as the Covid-19 vaccine becomes available. Moreover, in-store experience is facing transformation as well, since the shopping centres are focusing on expending their entertainment offer. An importance of physical stores, which provide an intimate and personalized aspect of shopping experience, is confirmed by the increased footfall in Belgrade shopping centres during 2021. However, high-street zones were under pressure during 2021, related to decrease in the number of tourist's arrivals, as well as expansion of online sales. Despite all this rental levels in prime shopping centers remained stable in 2021.

Over recent years, the Belgrade office market has witnessed another development cycle underpinned by an increasing number of modern office buildings. The office segment has been exposed to the recent Covid-19 outbreak. Since Q1 2020, the Serbian government has adopted restrictive measures and many offices have applied the "work from home" policy.

The second half of 2021 noted stronger activity, when compared to the first six months, reaching nearly Eur 800 million or over Eur 950 million for the whole year. On annual level, activity in the second half of 2021 has increased by over 200%, whilst looking at entire year activity increased by 17%. All commercial sectors have been quite active throughout the year, with particularly office segment outreaching others, This is highly contributed due to the acquisition of GTC portfolio in Belgrade, Serbia by Hungarian fund Indotek group. The transaction included sale of five business complexes including eleven buildings with achieved price of around Eur 267 million.

The ongoing pandemic may have some impact the vacancy rates in the new office buildings due to occupiers' decision to stay in their current premises and due to continued practice of working from home. However the tenant preferences have changed to working in larger and more humane premises which was a reason why vacancy rate for office space in Serbia has remained stable.

3. GROUP STRUCTURE

The following subsidiaries are held by BRE B.V. as per 31 December 2021:

o BreAtt B.V.	62.5% (2020: 75%);
o Balkans Real Estate D.O.O., Belgrade	100% (2020: 100%);
o Immocentar Two D.O.O., Belgrade	100% (2020: 100%);
o Usce Tower I D.O.O., Belgrade	100% (2020: 100%);
o BRE Development One D.O.O., Belgrade	100% (2020: 100%);
o Navigator Business Center D.O.O. Belgrade	100% (2020: 100%);
o GP Seven D.O.O. Belgrade	100% (2020: 100%);
o Delta City 67 D.O.O. Belgrade	100% (2020: 0%);

During the prior year the shareholders of the Group, Balkans Real Estate B.V. ("BRE") and Atterbury Europe B.V. entered into a merger and restructuring agreement (in December 2020) of which all conditions precedent were fulfilled and met during 2021 and in terms of which (i) the shareholders of SC IV Holding B.V. (Atterbury Holding B.V. and BRE) transferred all the rights (assets) and obligations (liabilities) in SC IV Holding B.V. to the Company in exchange for shares in the Company after which SC IV D.O.O. (SV IV Serbia) became the wholly owned subsidiary of the Group and SC IV Holding B.V. subsequently liquidated through legal merger with BreAtt B.V. and the Company directly owned the shares in SC IV Serbia (ii) Atterbury Europe B.V. disposed of its effective economic participation in the UT II Office Tower held via the Company to BRE thereby having no remaining exposure to offices in Serbia (disposed to BRE and transferred to the B shares of the Company, see below).

Transactions (i) and (ii) above, were all achieved during 2021 via an issue of shares by BreAtt to BRE and the Group and a transfer of shares in the Company by BRE to Atterbury Europe B.V., with the net result of which Atterbury Europe B.V. owning a 37,5% equity stake in BreAtt (inclusive of SC IV Serbia and excluding the UT II Office Tower) and BRE owning 62,5% effectively from 1 January 2021, classified as the A ordinary shares of the Company. Whereas the B ordinary shares represent the net asset value of UT II Office Tower and wholly owned by BRE.

In November 2021 Balkans Real Estate B.V. ("BRE") completed acquisition of 100% share in Delta City 67 d.o.o. Belgrade shopping mall.

4. *GENERAL FINANCIAL ANALYSIS*

In 2021 the following items have had its impact on business:

- Due to the continued impact of the COVID-19 outbreak and the government measures that were put in place, Shopping malls were closed for 30 days within Q1 of 2021, i.e 19 days in March 2021 and 11 days in April 2021. As a result of this the Company has realized a lower turn-over, result and operational cash flow in Q1 2021 compared to its expectation. However, the situation in second half of 2021 has stabilized and demand for services and products strongly bounced which enabled the Company to finish 2021 in line with its expectation.

- As at the date of this report the situation within Serbia is stable.

- Through merger and restructuring agreement with Atterbury Europe B.V., Balkans Real Estate B.V. shareholding in BreAtt B.V. has decreased from 75% in 2020 to 62.5% from 1 Janaury 2021. The remaining 37.5% is owned by Atterbury Europe B.V.

- In November 2021 BRE B.V. completed acquisition of 100% share in Delta City 67 d.o.o. Belgrade shopping mall.

- Solvency ratio: Total Equity/Total assets = 0.36 (2020: 0.43).

- Current ratio. Current assets/current liablities = 1.13 (2020: 1.48).

- BRE B.V. is mainly focused on stabilization and enlarging the existing asset portfolio.

- In 2021, the BRE B.V. received a dividend distribution from BreAtt B.V (Eur 1.197m) and Navigator Business Center d.o.o. (Eur 8.300k).

- Occupancy rates in our properties are stable, while temporary rent reductions and turnover rents were provided during the 2021 financial year due to the coronavirus crisis and the governmental anti-corona measures.

- Rent collection rates were stable.

- Interest rate risk on the largest loan position within the group (Usce Shopping Center loan) was hedged in 2017 by fixing 3 month Euribor at a 0.484% margin until December 2024. In July 2018, Retail Center d.o.o. also concluded the hedging agreement on 75% Merctanr loan at a 0.42% margin until June 2023. Besides Usce Shopping Center and Retail Center, interest rate swap arrangements are also active on Kanem Co D.O.O (0.61%). Interest rate risk on the 85% of the loan for USCE Tower Two was hedged in April 2021 by fixing 3 month Euribor at a -0.119 % margin until September 2027. Interest rate risk on the 85% of the loan for Shopping Center IV d.o.o. was hedged in July 2021 by fixing 3 month Euribor at a -0.132 % margin until 30 September 2028. Interest rate for the Delta City loan is fixed at 3m Eurobor plus 3.95% p.a.

- The company holds a natural hedge on its currency risk as most of its lease contracts are linked to EUR currency.

- The company is also hedged against rising inflation through annual indexation of base rent.

5. *FUTURE DEVELOPMENTS*

- At the end of 2021 the company acquired 100% share in Delta City shopping mall. The company plans to refurbish the food court on the second floor. At the date of writing this report the company started with refurbishment works.

- In September 2021 the company signed a long term agreement with Microsoft for the lease of whole Usce Tower 2 office building. Microsft has moved to the building in April 2022.

- Extension of Beo Shopping Center is planned for 2022.

- The company has also planned refurbishment of Usce Shopping Center starting in 2022.

6. *RISK MANAGEMENT*

BRE B.V. and its subsidiaries are exposed to general business and specific operational risks with respect to its real estate investment activities. Within the BRE B.V. organization, management has the ultimate responsibility to manage and control the risks associated with the business, to achieve the Company's financial objectives and accurate financial reporting, and to ensure compliance with the corporate governance policies and the law.

The main risks associated with the real estate investment activities of the Company, as well as the systems to manage and control these risks, are currency risks, interest rate risks, markets risks, credit risks and liquidity risks. This enumeration is not exhaustive and there is no absolute guarantee against future losses or failures. Macro-economic factors contribute to the materialization of these risks.

In order to effectively manage these risks the Company has performed the following activities:

- The company holds a natural hedge on its currency risk as most of its lease contracts are linked to EUR.

- The company is hedged against rising inflation through annual indexation of base rent.

- Most of the retail portfolio interest rate risk is hedged through interest rate swaps turning the interest on a variable rate loan into a fixed expense.

- The company has adopted a strong system for managing accounts receivable risk and disciplined collections process. Most of the contracts with tenants are secured by bank guarantees, promissory notes and cash deposits mitigating the risk of non-collection of rent.

- The company has set up a strong system of internal controls and effective financial and operational reporting.

- Within the BRE B.V. group, all managers are responsible for risk management as an integral part of their day-to-day activities and decisions. The effectiveness thereof is strengthened by a high level of individual and collective sense of responsibility, which is part of the Company's culture

7. *CONTINUATION OF COVID GLOBAL PANDEMIC, WAR IN UKRAINE AND CAMPAIGN AGAINST INFLATION*

There are three major drivers that may determine the movement in the global economy and financial markets which could affect the Company's future financial performance, cash flows and financial position. They are: shift to tighter monetary policy, the ongoing war in Ukraine and commodity supply shocks and China's management of COVID-19 and the resulting global fallout.

These geopolitical and economic uncertainties are dampening business confidence and investment and further weakening short-term economic prospects. Against this backdrop, the world economy is now projected to grow by only 3.1 per cent in 2022 and 2023, marking substantial downward revisions of 0.9 and 0.4 percentage points, respectively, from previous forecasts released in January 2022. The global economic outlook faces major downside risks from further intensification of the war in Ukraine, new waves of the pandemic, and faster-than-expected monetary tightening by developed country central banks.

The outlook for developing countries has also deteriorated, with GDP projected to increase by 4.1 per cent in 2022, 0.4 percentage points lower than forecast in January. Higher energy and food prices, rising inflationary pressures and slowing growth in the United States, the European Union and China are weakening their growth prospects.

The National Bank of Serbia hiked its main interest rate by 50bps to 2.5% during its June 2022 meeting, the third straight rise in borrowing costs, and in line with market forecasts. Interest rates are now at their highest level since 2019, amid the Ukraine conflict, a further spike in prices of agricultural commodities and industrial raw materials, and ongoing supply chain constraints. The inflation in Serbia continued to rise to hit nine-year highs of 9.6% in April but is expected to slow in the second half of the year. Further interest rate increases will depend on geopolitical developments and both national and international factors weighing on the inflation. As at the date of this report the economic situation in Serbia is stable.

Despite the fact that there are inherent limitations in attempting to predict how all these negative developments could have an impact on the economy and environment the Company operates in and consequently the effect those would have on the future financial performance, cash flows and financial position of the Company, the management believes that the Company with its high quality and stable portfolio is and will remain liquid in the short term to meet all the current obligations within the next 12 months as they become due.

Signed,

The management board

T. Vujovic

M. Gledovic

FINANCIAL STATEMENTS

Consolidated statement of the profit and loss and other comprehensive income for the year ended 31 December 2021

In thousands of euros	Notes	2021	2020
Revenue from lettings	6	57.282	39.668
Other operating income	6	1.149	3.660
Change in fair value investment property	15	7.285	-1.133
Other income	6	3.465	942
		69.181	43.137
Operating expenses			
Wages, salaries and other personnel expenses	7, 8	-1.967	-1.607
Amortization and depreciation	7	-559	-277
Other operating expenses	7, 9	-27.054	-16.323
Total operating expenses		-29.580	-18.207
Result from operating activities		**39.601**	**24.930**
Finance income	10	52	49
Finance costs	11	-12.640	-8.857
Net finance costs		-12.588	-8.808
Share of net profit of joint ventures accounted for using the equity method, net of tax		-	5.802
Result before tax		**27.013**	**21.924**
Corporate income tax	12	-4.130	-2.597
Result for the year		**22.883**	**19.327**
Profit attributable to minority shareholders		7.515	1.661
Profit attributable to majority shareholders		15.368	17.666
Other comprehensive income			
Result for the year		22.883	19.327
Items will be reclassified subsequently to profit and loss			
Foreign currency translation reserve		-	-1.467
Hedging results		2.700	-390
Total comprehensive income		**25.583**	**17.470**

Consolidated statement of financial position at 31 December 2021

In thousands of euros	Notes	2021	2020
ASSETS			
Goodwill	13	3.550	-
Intangible assets	14	33	27
Investment property	15	663.837	408.317
Property, plant and equipment	16	9.294	1.789
Financial fixed assets	17	6.617	8.296
Investment in equity-accounted joint venture	18	-	27.097
Total non-current assets		683.331	445.526
Short term loans	19	10.890	10.331
Trade and other receivables	20	14.741	10.562
Cash and cash equivalents	21	27.292	27.157
Total current assets		52.923	48.050
Total assets		**736.254**	**493.576**
EQUITY			
Share capital	22	19	19
Share premium	23	31.017	31.017
Retained earnings	24	143.584	134.200
Foreign currency translation reserve	25	67	67
Result for the year	26	15.368	17.666
Minority interest	27	75.143	32.423
Total equity		265.198	215.392
LIABILITIES			
Borrowings and lease liabilities	28	378.733	220.372
Other long-term liabilities	29	4.474	3.824
Deferred tax liability	30	30.389	16.448
Total non-current liabilities		413.596	240.644
Borrowings	28	30.148	18.497
Other short-term borrowings	31	-	1.663
Trade and other payables	32	24.711	16.322
Current tax liabilities	33	2.601	1.058
Total current liabilities		57.460	37.540
Total liabilities		471.056	278.184
Total equity and liabilities		**736.254**	**493.576**

Consolidated statements of changes in equity for the year ended 31 December 2021

	Share capital	Share premium	Exchange differences reserve	Retained earnings	Result for the year	Minority interest	Total
Balance at 31 December 2019	**19**	**32.992**	**1.534**	**122.594**	**11.899**	**33.620**	**202.658**
Result for the year	-	-	-	-	17.666	1.661	19.327
Other comprehensive income	-	-	-1.467	-293	-	-97	-1.857
Total other comprehensive income	-	-	-1.467	-293	17.666	1.564	17.470
Allocation result previous year	-	-	-	11.899	-11.899	-	-
Repayment of share premium	-	-1.975	-	-	-	-	-1.975
Minority interest	-	-	-	-	-	-2.761	-2.761
Balance at 31 December 2020	**19**	**31.017**	**67**	**134.200**	**17.666**	**32.423**	**215.392**
Result for the year	-	-	-	-	15.368	7.515	22.883
Other comprehensive income	-	-	-	1.688	-	1.012	2.700
Total other comprehensive income	-	-	-	1.688	15.368	8.527	25.583
Allocation result previous year	-	-	-	17.666	-17.666	-	-
Change minority interest	-	-	-	-9.970	-	34.193	24.223
Balance at 31 December 2021	**19**	**31.017**	**67**	**143.584**	**15.368**	**75.143**	**265.198**

Consolidated statement of cash flows for the year ended 31 December 2021

In thousands of euros	Notes	2021	2020
Cash flows from operating activities			
Result for operating activities		39.601	24.930
Adjustment for:			
- Foreign exchange prof/loss	25	-	-1.467
- Fair value gain in investment property	15	-7.285	1.133
- Depreciation	7	559	277
Changes in working capital:			
- Change in trade and other receivables	20	-4.738	-4.898
- Change in current tax liabilities	33	1.543	55
- Change in short term borrowing	28	-545	-3.729
- Change in short term liabilities	28, 31	-	-1.527
- Change in trade and other payables	32	8.461	-3.051
- Interest paid	11	-12.668	-8.857
- Interest received	10	-	49
- Income tax	12	-	-
Net cash from operating activities		**24.928**	**2.915**
Cash flows from investing activities			
Net investments in investment property	15	-	-14.906
Net investments in PPE	16	-91	-39
Net investments other financial assets	17	1.679	-491
Net investments other	18	--17.860	-5.822
Net cash from investing activities		**-16.272**	**-21.258**
Cash flows used in financing activities			
- Change in borrowings	28	-8.521	26.011
- Change in other long-term liabilities	29, 30		50
- Repayment share premium	23	-	-1.975
- Translation	25	-	-1.435
- Minority interest	27	-	-1.197
Net cash used in financing activities		**-8.521**	**21.454**
Total cash from activities		**135**	**3.111**
Cash and cash equivalents at 1 January		27.157	24.046
Cash and cash equivalents at 31 December		**27.292**	**27.157**

Notes to the consolidated financial statements

1. General information

1.1 Reporting entity

Balkans Real Estate B.V. ("the Company") is a company domiciled in the Netherlands. The address of the Company's registered office is Gustav Mahlerplein 28, 1082 MA, Amsterdam. The ultimate parent is Ultsert Trading Ltd., Jersey.

The consolidated financial statements of the Group for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates. The Group is involved in property lettings and rendering services for accounting, management assets and other services.

During reporting period Group fulfilled the activities in Republic Serbia by renting out retail and office space in owned buildings.

1.2 Group structure

Information about subsidiaries

In these financial statements the following 100% subsidiaries have been fully consolidated:

	31/12/2021	31/12/2020
• Balkans Real Estate D.O.O.	100%	100%
• Usce Tower I D.O.O.	100%	100%
• Immocentar Two D.O.O.	100%	100%
• GP Seven D.O.O.	100%	100%
• Navigator Business Centar D.O.O.	100%	100%
• BRE Development One D.O.O.	100%	100%
• Delta City 67 doo Beograd	100%	0.00%
• BreAtt B.V.	62,5%	75%

The Company, Atterbury Europe B.V. ("Atterbury Europe"), Atterbury Europe Holding B.V., SC IV Holding B.V. ("SC IV") and Balkans Real Estate B.V. ("BRE") entered into a merger and restructuring agreement in terms of which (i) the shareholders of SC IV have transferred their shares in SC IV to BreAtt B.V. in exchange for the Company issuing shares after which SC IV will be a wholly owned subsidiary of the BreAtt B.V. owning the BEO shopping centre in Belgrade (ii) the Company will amend its articles of association to designate the shares B in the BreAtt B.V. to represent the Company's interest in Usce Tower Two and (iii) Atterbury Europe will sell its shares B to BRE. The net result of transactions (i) to (iii) will be Atterbury Europe owning 37,5% and BRE 62,5% of the shares A of the Company and BRE 100% of the shares B of the Company.

The holding company

The domestic parent company of the Group is Centurion Venture Capital B.V. (former name MPC Properties International B.V.) which is based and listed in Amsterdam.

2. Basis of preparation and significant accounting policies

2.1 Basis of Preparation and Presentation of the Financial Statements and Accounting Convention

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board as endorsed by the European Union and are in accordance with IFRS as issued by the IASB.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the tree elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holding of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders 'meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributes to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustment is made to the financial statement of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full on consolidation.

The consolidated financial statements comprise the fully consolidated financial information for Balkans Real Estate B.V. and its group companies. The financial statements of the parent and its subsidiaries are combined in a line-by-line bases by adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realized through transactions with third parties. Retained profits of group companies which cannot be distributed without restrictions, have been added to the legal reserve.

Identifiable assets acquired and liabilities assumed in a business combinations are recognized in the consolidated financial statements from the acquisition date, being the moment that control can be exercised over the acquired company. The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalized as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.g. negative goodwill) is disclosed under accruals and deferred income. Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases and if they are classified as group held-for-disposal.

Subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transaction. The carrying amounts of the Group's interests and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Where the Company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable return from the investee, and the ability of the investor to use its power to affect those variable returns. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in associates and jointly controlled entities (equity-accounted investees)
Associates are those entities in which the Group has significant influence, but not control or joint control, over financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement requiring unanimous consent for decision about the activities that significantly affect the arrangements' returns.

The Group's investments in associates and joint arrangements are accounted for using the equity method. As of reporting date the Group has investment in one jointly controlled entity (joint venture) and has no investments in associates.

Loss of control
On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interested is accounted for as an equity-accounted for as an equity-accounted investee or as an available –for-sale financial assets depending on the level of influence retained.

Discontinued operations
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discounted operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discounted operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Standards, interpretations and amendments

Accounting standards adopted in 2021

Title	Issue date of original standard	Effective date
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	See note below
Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (including Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 issued in June 2020	September 2016	See note below
IFRS 17 Insurance Contracts (including Amendments to IFRS 17 issued in June 2020)	May 2017	1 January 2023 See note below
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (including Amendment to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date issued in July 2020)	January 2020	1 January 2023 See note below
Amendment to IFRS 16 – Covid-19-Related Rent Concessions	May 2020	1 June 2020
Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract	May 2020	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use	May 2020	1 January 2022
AIP (2018-2020 cycle): IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter	May 2020	1 January 2022
AIP (2018-2020 cycle): IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	May 2020	1 January 2022
AIP (2018-2020 cycle): IAS 41 Agriculture – Taxation in Fair Value Measurements	May 2020	1 January 2022
AIP (2018-2020 cycle): Illustrative Examples accompanying IFRS 16 Leases – Lease Incentives	May 2020	N/A
Amendments to IFRS 3 – Reference to the Conceptual Framework	May 2020	1 January 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2	August 2020	1 January 2021
Amendments to IAS 8 – Definition of Accounting Estimates	February 2021	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	February 2021	1 January 2023
Amendments to IFRS 16 – Covid-19-related Rent Concessions beyond 30 June 2021	March 2021	1 April 2021
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	May 2021	1 January 2023

In December 2015, the IASB postponed the effective date of Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture indefinitely pending the outcome of its research project on the equity method of accounting.

In September 2016, the IASB issued Amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 Financial Instruments and the new insurance contracts standard IFRS 17 Insurance Contracts. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4 Insurance Contracts, notably the temporary exemption approach and the overlay approach. The temporary exemption approach enables eligible entities to defer the implementation date of IFRS 9 until the effective date of IFRS 17. The overlay approach allows an entity applying IFRS 9 from 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. In June 2020, the IASB issued Amendments to IFRS 17 to assist entities implementing IFRS 17. The amendments included the deferral of the effective date of IFRS 17 to 1 January 2023. The IASB also issued Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 and extended the expiry date for the temporary exemption from IFRS 9 to 1 January 2023, to maintain the alignment between the expiry date of the temporary exemption from IFRS 9 and the effective date of IFRS 17:

- For an entity applying the temporary exemption approach, both comparative periods and current period information follow the disclosure requirements of IFRS 7 Financial Instruments: Disclosures based on IAS 39 Financial Instruments: Recognition and Measurement, together with certain disclosures to enable users to compare insurers applying the temporary exemption with entities applying IFRS 9 required by IFRS 4.39B
- An insurer applying the temporary exemption from IFRS 9 is permitted to elect to apply only the requirements of IFRS 9 for the presentation in other comprehensive income (OCI) of gains and losses attributable to changes in an entity's own credit risk on financial liabilities designated as at fair value through profit or loss (FVPL). If an insurer elects to apply those requirements, it should disclose the related disclosures set out in IFRS 7.

In July 2020, the IASB issued Amendment to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the effective date of Amendments to IAS 1 - Classification of Liabilities as Current or Non-current from 1 January 2022 to 1 January 2023.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS Standards that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognized in the appropriate components of equity as at 1 January 2021.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures, and in the current period modifications in response to the reform have been made to some (but not all) of the Group's derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented).

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021:

- Fair value hedges where Euribor-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the Euribor risk component.
- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of Euribor-linked bank borrowings.
- Bills or exchange and lease liabilities which reference Euribor's and are subject to the interest rate benchmark reform.

The application of the amendments affects the Group's accounting in the following ways:

- The Group has issued Euribor-denominated fixed rate debt that is subject to a fair value hedge using fixed to Euribor interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, Euribor, may no longer be separately identifiable and there is uncertainty about the replacement of the floating interest rates included in the interest rate swaps. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.
- The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125 per cent range and the hedging relationship is subject to interest rate benchmark reforms. For those hedging relationships that are not subject to the interest rate benchmark reforms the entity continues to cease hedge accounting if retrospective effectiveness is outside the 80-125 per cent range.

The Group will continue to apply the Phase 1 amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase 2 amendments:

- When the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes.

- When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.
- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship.
- For the Group's fair value hedges of a non-contractually specified benchmark component of interest rate risk, on transition to the alternative benchmark rate, if that risk rate is not separately identifiable at the date of designation, it will be deemed to have met the separately identifiable requirement at that date, if the Group reasonably expects the term specific interest rate component will be separately identifiable within a period of 24 months from the date the alternative benchmark rate is first designated, regardless of the term for which the risk is designated in that hedge. The 24-month period applies on a rate-by-rate basis.

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).

- There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption
The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of the March 2021 amendment. The Group has not restated prior period figures, and the difference arising on initial application of the March 2021 amendment has been recognized in the opening balance of retained earnings at 1 January 2021.

New and revised IFRS Standards in issue but not yet effective
At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 (including the June 2020 amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to IFRS	Amendments to IFRS 1 First-time Adoption of International
Standards 2018-2020	Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

IFRS 17 Insurance Contracts
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.
The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or
loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of
International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.
As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making
Materiality Judgements—Disclosure of Accounting Policies
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
    - Right-of-use assets and lease liabilities
    - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

2.3 Foreign currency

Functional and presentation currency
These consolidated financial statements are presented in Euro, which is the presentation currency and Serbian Dinar is the functional currency of the group. The used conversion rate is as follows:

Average 2020	EUR 1 = RSD 117.5777
Year-end 2020	EUR 1 = RSD 117.5802
Average 2021	EUR 1 = RSD 117.5736
Year-end 2021	EUR 1 = RSD 117.5821

Translation of a foreign operation
On consolidation, the results of foreign operations are translated into Euro at the average exchange rate during the financial year. All assets and liabilities of foreign operations are translated at the rate at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of foreign operations at actual rate are recognized in other comprehensive income and accumulated in the exchange difference reserve.

Transactions and balances
Transactions in foreign currencies are translated to the respective functional currencies of group entities at average exchange rate during the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Assets and liabilities denominated in foreign currencies at the reporting date are remeasured to the function currency at the exchange rate at end of the financial year. Foreign currency differences arising on retranslation are recognized in the consolidated income statement.

2.4 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transactions cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments are primary and derivative financial instruments. Primary financial instruments are for example receivables and payables. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item.

Derivatives are initially recognised in the balance sheet at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives embedded in a host contract ('embedded derivatives') are always separated from the contract if:

- no close relationships exist between the economic characteristics and risks of the derivative and the host contract;
- a separate instrument under the same conditions would satisfy the definition of a derivative.

2.5 Investment property

Investment property is the property held by the Group for generating profit from lease or increase in value, or both. Investment property is recognized at fair value, with changes in fair value being recognized in the statement of profit or loss in accordance with IFRS 13 Fair Value. The Fair Value is determined based on the market approach substantiated by the income approach. The fair value is based on the assessment of an independent appraiser.

Subsequent expenditures, relating to the recognized investment property are attributed to the presented amount of such investment property if it is probable that the future economic benefits shall exceed the originally estimated yield rate of such investment property. All other subsequent costs are recognized as expenses when incurred.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amounts included in the revaluation reserve is transferred to retumed earnings.

2.6 Property, plant and equipment

Buildings, equipment and leasehold improvements for own use by the Group are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost represents price billed by suppliers, increased by the directly attributable costs of purchase or construction and costs of bringing the asset to working condition for its intended use. Any trade discounts and/or rebates received are deducted from the purchase price. Maintenance, replacements and installation of small spare parts and consumable materials are expensed as incurred. Gains from the disposal of property and equipment are determined as the difference between the net inflow from sales and the stated amount of the asset and are recognized as income or expense in the income statement.

Depreciation
Depreciation of property and equipment is calculated on a straight-line basis in order to fully write off the cost of the assets over their estimated useful lives.

The principal annual depreciation rates in use for classes of property and equipment are as listed below:

Investments in equipment and property	
Buildings	2,5%
Computers	25%
Vehicles	15%
Office furniture	15-20%
Other equipment	15-20%

2.7 Impairment of tangible and intangible assets other than goodwill

At each statement of financial position date, the Group's management reviews the carrying amounts of the Group's intangible assets and property, plant and equipment presented in the financial statements. If there is any indication for an impairment for intangible asset, tangible asset, leasehold improvements or equipment the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The carrying amount of such assets is reduced to their recoverable amount and the difference is recognised as an expense (impairment loss) and charged to the income statement in the period the impairment occurred. Impairment loss is reversed if the circumstances that affected the impairment have changed.

As on 31 December 2021 based on the management estimate, there are no indications that the value of intangible assets, leasehold improvements or the value of equipment should be impaired.

Depreciation
Depreciation of property and equipment is calculated on a straight-line basis in order to fully write off the cost of the assets over their estimated useful lives.

2.8 Joint ventures

A joint venture (JV) represents a business entity created by two or more parties, generally characterized by share ownership, shared returns and risks, and shared governance.

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

An entity's share of the other comprehensive income of an equity-accounted investee is presented as a separate line item separately from the other components of other comprehensive income.

2.9 Long-term financial assets

Classifications

The Group classifies its financial assets into the following categories: financial assets at fair value whose changes are stated in the Income statement, loans and receivables, financial assets available for sale and assets held to maturity. The classification depends on the purposes the financial assets have been acquired for. The management performs the classification of its financial fixed assets at the moment of initial recognition. As of 31 December 2017, the long-term financial assets of the Group wholly consist of loans and receivables.

Loans and receivables

Loans and receivables are measured initially at fair value and subsequently at amortized cost. Loans and receivables represent non-derivative financial assets with fixed or determined terms of payment which are not traded on an active market. They are included into current assets, unless their maturity period exceeds one year subsequent to the statement of financial position date. In that case they are classified as non-current assets.

2.10 Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive income in the finance income or expense line. Directly attributable transaction costs are recognized in profit and loss as incurred. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Loans and receivables

Accounts receivable are measured initially at fair value plus any directly attributable transaction costs and subsequently at amortized cost using the effective interest method. In practice this means valuation at nominal values reduced by appropriate allowances for estimated irrecoverable amounts. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognized in the Income Statement within "Other operating expenses". Uncollectible receivables are written-off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off and reversal of the impairment are credited to "Other income".

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on current accounts held with banks, cash on hand and any other highly liquid investments with original maturities of three months or less. The cash and cash equivalents are measured at nominal value. The deposits are free disposal and directly available and therefore classified as cash and cash equivalents.

2.12 Loans and borrowings

Loans are initially measured at fair value using the effective interest method. In practice this means the disbursements received, excluding transaction costs. In the subsequent period borrowings are stated at amortized cost; all differences between the inflow (net of transaction costs) and the amount of repayments are recognized in the income statement in the period of using the loan, using the effective interest rate.

Prepaid loan origination fees are measured as transaction costs of loans up to the amount for which it is probable that a portion or a whole loan shall be drawn.

Loans are classified as short-term if it is expected to be settled in the Group's normal operating cycle, i.e. which matures in the period up to 12 months from the statement of financial position date.

2.13 Trade payables

Trade payables and other payables are measured initially at fair value; in practice this means at nominal value.

2.14 Current and deferred income taxes

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Income Tax
Current income tax represents an amount that is calculated and paid in accordance with the effective Law on Corporate Income of the countries where the group is settled.

Income tax is on the tax base reported in the annual corporate income tax return as reduced by any applicable tax credits. The taxable base stated in the income tax return includes the profit shown in the statutory Income Statement, as adjusted for differences that are specifically defined under tax rules.

Under Dutch current legislation, tax losses may be carried forward for a maximum period of nine years and carry back for a maximum period of one year.

Under Serbian current legislation, tax losses calculated in the years before 2010 may be carried forward for a maximum period of ten years and be set off against the Company's future taxable income, while the tax losses calculated in the year 2010, and after, may be carried forward for a maximum period of five years and be set off against the Company's future taxable income. Tax losses of the current period cannot be used to recover taxes paid in previous periods.

Potential tax asset based on investments in fixed assets may be carried forward for a maximum period of ten years and be set off against the Company's future taxable income.

The income tax rate of Serbia amounts 15% of fiscal profit. The income tax rate of the Netherlands amounts 16,5% for the first €200,000 and 25% for all profit above €200,000.

Deferred Income Tax
Deferred income taxes are provided for the temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, if deferred taxes arise from initial recognition of assets and liabilities in a transaction other than

business combination, which does not impact neither accounting nor taxable profit, they are not accounted for.

Deferred taxes are measured at tax rates prevailing at the statement of financial position date and for which is expected that would be enacted in the period when deferred tax assets and liabilities will be realized or settled.

Deferred tax assets are recognized up to the amount for which it is probable that the future taxable profit shall be available and that temporary differences shall be settled and charged to that profit.

2.15 Employee benefits

Post-employment benefits
The Group does not provide post-employment benefits to the employees.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.16 Recognition of revenue

Revenue includes the fair value of the consideration received or receivable arising from the rendering of letting services on a straight-line basis over the terms of the contract. The rendering of services relates to fees for accounting services, asset management services and other services. The revenue is stated excluding VAT.

The Group recognizes revenue when its amount can be reliably measured, when it is probable that the economic benefits shall flow into the Group in the future and when special criteria for each of the Group's activities are satisfied.

2.17 Finance income and expense

Finance income comprises interest income on funds invested and receivables from related companies and foreign currency profits. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Foreign currency profits arising on retranslation are recognized in the consolidated income statement. Interest income is measured on a straight-line basis using the method of effective interest rate. In case of impairment of a receivable, the Group reduces the carrying value to its recoverable amount, which represents the estimated future cash flow discounted using the effective interest rate of the financial instrument and continues to state the movement of the discount as the interest income. Interest income from loans is determined using the effective interest method.

Finance expenses comprise interest expense on borrowings and payables due to related companies and foreign currency losses. All borrowing costs are recognized in profit or loss using the effective interest method.

Foreign exchange results from recalculating assets and liabilities of the Serbian subsidiaries in the consolidated balance sheet consists of exchange loss on assets and exchange gain on liabilities and exchange loss on the difference between the calculation of the result against average and year-end exchange rate. This effect has been recognized separately in the other comprehensive income.

3. Financial risk management

3.1 Factors of financial risk

Business activities of the Group are exposed to various financial risks: market risk, credit risk and liquidity risk. Risk management in the Group is focused on the attempt of reducing any negative impact over financial activities of the Group to minimum in the situation of unpredictability of financial markets. Risk management is performed by the financial department of the Group in compliance with the policies approved by the Board of Directors. The company did not change its risk management procedure during the current year.

Capital management

The Group manages its capital to ensure that entities in the group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

Market risk

Market risk is a risk that the fair value of future cash flows of the financial instrument will be variable due to the changes in market prices. Market risk includes the following three risk types:

Market risk – Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures.

Management has set up a policy to manage its foreign exchange risk against its functional currency.

The Group has the obligation to protect its overall risk exposure from the changes in the foreign currency rates through the Finance Department. In order to manage the currency risk arising from future commercial transactions and identified assets and liabilities, the Group's goal is to match its assets and liabilities in foreign currency. The environment in which the Group operates, is a Serbian Dinar environment. However, the loans of the company are denominated in euros (EUR).

Market risk – Price risk

The Group is not exposed to major risk of changes in prices of equity securities as it has no investments classified in the balance sheet as available for sale or as financial assets at fair value where effects of changes in the fair value are carried in the profit and loss statement.

Market risk – Interest rate risk

The Group's exposure to risk of changes in fair value of interest rates primarily results from the liabilities based on the long-term credits received from banks. The credits received under variable interest rates cause the Group's exposure to cash flow interest rate risk. The credit received at fixed interest rates expose the Group to interest rate fair value risk. During 2021, the majority of the liabilities as to credits with variable interest rates were carried in the reporting currency (EUR). The Group analyses exposure to interest rate risk on a dynamic basis considering alternative financing and refinancing sources, above all for long-term liabilities as they represent the most important interest-bearing item.

Credit risk

The Group does not have significant credit risk concentrations. The Group has a defined set off rules for ensuring that the services are provided to customers with appropriate credit history. Participants in transaction and cash transactions are limited to the institutions with significant credit worthiness and relates to the rates mentioned below.

The credit risk is managed at the Group level. Credit risk also arises from: cash and cash equivalents, deposits with banks and financial institutions; from the risk exposure in providing service, including the outstanding receivables and commitments. Customers are ranked. If the ranking of customers is not performed by an independent risk assessment organization, for the risk control the quality of a customer's credit worthiness is performed, taking into consideration the customers financial state, past experience and other factors. Individual limits for the risk amounts are determined based on an internal i.e., external ranking performed in accordance with the limits determined by the management. The use of credit limits is monitored on a regular basis.

Total credit risk exposure

The maximum credit risk exposure for Balkans Real Estate B.V. is as follows:

	Note	2021	2020
Financial fixed assets	17	6.617	8.296
Short term loans	19	10.890	10.331
Trade and other receivables	20	14.741	10.562
Cash and cash equivalents	21	27.292	27.157
Total		59.540	56.346

Cash in bank

A significant amount of cash is held with the following financing institutions:

	Rating at 31 December 2021
UniCredit Bank	Baa1
Eurobank a.d.	B2
Erste Bank a.d.	A2
Schoeller Bank	B3
Banca Intesa a.d.	Baa1

The ratings above have been derived from reports from Moody's.

The group holds the following financial instruments:

Financial assets	**Note**	**Financial assets at amortized cost**	**Total**
2021			
Financial fixed assets	17	6.617	6.617
Trade and other receivables	20	14.741	14.741
Financial assets - joint venture	18	-	-
Cash and cash equivalents	21	27.292	27.292
		48.650	48.650
2020			
Financial fixed assets	17	8.296	8.296
Trade and other receivables	20	10.562	10.562
Financial assets - joint venture	18	27.097	27.097
Cash and cash equivalents	21	27.157	27.157
		73.112	73.112

Financial liabilities	**Note**	**Financial liabilities at amortized cost**	**Total**
2021			
Trade and other payables	32	24.783	24.783
Borrowings	28	389.266	389.266
Other long-term liabilities	29	4.474	4.474
		418.523	418.523
2020			
Trade and other payables	32	16.322	16.322
Borrowings	28	220.372	220.372
Other long-term liabilities	29	3.824	3.824
		240.518	240.518

Liquidity risk

Careful management of liquidity risks entails maintaining a sufficient amount of cash, as well as adequate sources of financing through appropriate amount of credit liabilities and the possibility to level off the market position. Due to the dynamic nature of Group's operations, the Finance Department strives to maintain the flexibility of financing by keeping the determined credit lines available.

The Management performs permanent monitoring over the continuous planning of the Group's liquidity reserve (and cash and cash equivalents based on the expected cash flows). This is generally performed at the local level in the operations of the companies within the group. These limits differ by location, and therefore, the liquidity of the market the entity operates on is taken into consideration. Furthermore, the Group policy in liquidity management includes projecting cash flows in the major foreign currencies and takes into consideration the level of necessary liquid assets for their settlement; it monitors the liquidity indicators stemming from the statements of financial position toward the internal and external regulatory provisions and maintains the plans on loan financing. Management does not expect any issues with regards to refinancing the bank loan and is currently in negotiation with different banks. Based on these negotiations, Management is not aware of any significant liquidity risk with regards to refinancing.

3.2 Capital risk management

The Group objectives when managing capital risk are to safeguard the group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and to provide returns for shareholders. The Group, as well as other Companies operating within the same activity, monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated when the total loans (both short-term and long-term, as presented in the statement of financial position) are reduced by cash and cash equivalent. Total capital is calculated when net debt is added to capital, stated in the statement of financial position.

4. Critical accounting estimates, judgements and changes in accounting policies

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Income tax
The Group is subject to income taxes in Serbia. The Group determines the provisions for the effects of the matters arising from audit, based on the estimate that additional taxes shall arise. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value measurement hierarchy

The fair value hierarchy has the following levels:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
b. inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices (level 2);
c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in them entirely into only one of the three levels.

Investment properties

The Groups investment properties were appraised by external appraisers at the end of 2021 do determine the market value (level 1). The market value of property is the estimated amount for which a property could be exchanged on the data of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The appraising-method is a calculation method which uses information that is observable in the market.

Interest rate swap

The Group enters into one floating-to-fixed interest rate swap to secure its interest expenses. The fair value of the interest rate swap is determined on a discounted cash flow calculation (level 2). The maturity of the interest rate swaps is December2028.

5. Presentation of cash flow statement

The cash flow statement is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as fair value changes, conversions of debt to equity, equity settled share-based payments etc., have been eliminated for the purpose of preparing these statements. Acquisitions of business combination are included in investing activities (net of cash acquired). Dividends paid to ordinary shareholders are included in financing activities. Interest paid is included in operating activities. Interest received is included in operating activities.

6. Revenue from lettings and other operating income

	2021	2020
In thousands of euros		
Revenue from lettings	57.282	39.668
Other operating income	1.149	3.660
Change in fair value investment property	7.285	-1.133
Other income	3.465	942
	69.181	43.137

Rental income

The rental income from investment property let on the basis of operating lease agreements is recognized in the consolidated statement of comprehensive income on a straight-line basis for the duration of the lease agreement. Rent-free periods, rent reductions and other rent incentives are reported as an integral part of total net rental income. These rent incentives are allocated over the term of the lease agreement until the first moment at which the lease agreement may be terminated. The resulting accrued income is included in the fair value of the respective investment properties by the external appraisers and is separated in the balance sheet for reporting purposes, in accordance with IFRS requirements.

The rental income consists of fixed contracts sometimes supplemented by a variable surcharge based on the realized turnover of the tenant. Service cost paid and received are not included in rental income.

Compensations received or paid for leases terminated early are immediately recognized in the consolidated statement of comprehensive income in the period in which the contractual requirements are met. Surcharges are based on an output method based on information received by tenants.

Other operating income/service costs recharged to tenants
Service costs can be charged on to the tenants. These charges mainly relate to gas, water, electricity, cleaning and security, insurance etc., costs which can be recharged to tenants based on the lease agreement. Balkans Real Estate B.V. acts as principal with respect to service costs, whereby the costs incurred are recharged to the tenants, including an administrative fee.

All revenue is realized in Serbia.

7. Operating expenses

In thousands of euros	Note	2021	2020
Wages, salaries and other personnel expenses	8	1.967	1.607
Amortization and depreciation		559	277
Other operating expenses	9	27.054	16.323
		29.580	18.207

8. Wages, salaries and other personnel expenses

In thousands of euros	2021	2020
Gross wages and fringe benefits	1.772	1.437
Payroll taxes and social contributions on behalf of the employer	147	141
Other personnel costs	48	29
	1.967	1.607

Number of employees at the year end in Balkans Real Estate d.o.o. Belgrade was 41. There is slight increase in gross wages and fringe benefits due to higher number of employees.

9. Other operating expenses

In thousands of euros	2021	2020
Cost of non-productive services	6.065	3.472
Maintenance	7.167	3.803
Rental expenses	9	173
Other services	1.890	609
Taxes	2.843	1.942
Transportation services	48	50
Insurance premiums	331	223
Entertainment	67	35
Bank charges	38	41
Advertising and marketing fees	1.855	937
Other non-material cost	1.888	1.071
Material	708	833
Fuel and energy	4.145	3.134
	27.054	16.323

10. Financial income

In thousands of euros	2021	2020
Foreign exchange gains	45	23
Interest income	7	26
Other financial income	-	-
	52	49

11. Financial cost

In thousands of euros	2021	2020
Foreign exchange losses	67	3.572
Interest expense	11.635	4.991
Losses from currency clause	938	294
	12.640	8.857

Foreign exchange losses mainly relate to the fact that Serbian subsidiaries are locally financed with EUR-loans. The functional currency of the group is Serbian Dinar , while the presentation value is Euro's. Investments of these subsidiaries and exploitation thereof in Serbia are in Dinar. The devaluation of the Dinar against Euro resulted in an exchange profit within the Serbian entities. According to IFRS this profit has to be presented in the consolidated profit and loss account (with RSD as functional and EUR as foreign currency). Due to the movement of the Dinar there is an exchange result in this accounting period.

12. Corporate income tax

In thousands of euros	2021	2020
Result for the period	27.013	21.924
Income tax expense (current year)	-4.130	-2.597
Profit after income tax	22.883	19.327
Effective tax rate	15,3%	11,8%
Nominal tax rate	25,0%	25,0%
Difference %	-9,7%	-13,2%
Difference in EUR	-2.623	-2.884

The Group has a material amount of tax losses carried forward. The carry forward tax losses still remain unrecognized due to all macroeconomic indicators available at the moment (current trade deficit, weakness of the local economy, level of inflation and low inflow of foreign investments into the country). Management has based on this indicators grounds to believe that this depreciation trend of indicators will change any time soon resulting in taxable profits that could be offset with accumulated losses carried forward.

The total amount of carry forward losses which are not expected to be used amount to €697 thousand (2020: €75 thousand).

Losses generated from business transactions as from 2010, financial and non-business transactions, excluding capital losses, may be carried forward for up to five subsequent tax periods and can be offset against future taxable income. Losses generated from business transactions before 2010, financial and non-business transactions, excluding capital losses, may be carried forward for up to ten subsequent tax periods and can be offset against future taxable income. Losses carried forward are not cancelled by mergers, acquisitions or spin-offs of other organizational changes. Capital losses as from 2010 may be carried forward for five years and offset only against capital gains.

Contingent liabilities

It is not expected that that any of the Group's contingent liabilities will result in material significant financial liabilities. For the contingent liabilities at 31 December 2021 we refer to note 38.

13. Goodwill

In thousands of euros	2021	2020
Balance at 1 January 2021	-	-
Merger	3.550	-
Balance at 31 December 2021	3.550	-

14. Intangible assets

In thousands of euros	Software and other intangibles
Balance at 1 January 2020	298
Exchange difference	-
Additions / Disposals	-
Balance at 31 December 2020	298
Balance at 1 January 2021	298
Exchange difference	-
Additions / Disposals	91
Balance at 31 December 2021	389
Amortization and impairment losses	
Balance at 1 January 2020	-251
Exchange difference	-1
Amortization for the year	-19
Balance at 31 December 2020	-271
Balance at 1 January 2021	-271
Exchange difference	-
Amortization for the year	-85
Balance at 31 December 2021	-356
Carrying amounts	
At 1 January 2020	47
At 31 December 2020	27
At 1 January 2021	27
At 31 December 2021	33

15. Investment property

In thousands of euros	Investment property
Balance at 1 January 2020	392.278
Investments	10.980
Increase in fair value	5.186
Decrease in fair value	-1.330
Exchange difference	-72
Additions BreAtt B.V. full consolidation	1.275
Balance at 31 December 2020	408.317

In thousands of euros	
Balance at 1 January 2021	408.317
Investments	35.322
Increase in fair value	9.232
Decrease in fair value	-
Exchange difference	-1.756
Additions	212.722
Balance at 31 December 2021	663.837

Investment property is initially measured at cost and subsequently at fair value. At the initial measurement, the attributable costs of purchase are included in cost. Subsequent expenditures, relating to the recognized investment property are attributed to the presented amount of such investment property if it is probable that the future economic benefits shall exceed the originally estimated yield rate of such investment property. All other subsequent costs are recognized as expenses when incurred.

The Group's investment properties consist of commercial properties in Serbia. Management determined that the investment properties consist of two classes of assets – office and retail. The two classes are based on the nature, characteristics and risks of each property.

As at 31 December 2020, the fair values of the properties are based on valuations performed by CBRE, accredited independent valuators.

They are specialists in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The most relevant input data used for valuation are:

Discount rate:	between 9.5% and 10.75%	(2020: 9.25% and 11.75%)
Exit Yield:	between 8.00% and 10.5%	(2020: 8.00% and 10.50%)
Vacancy rate:	between 1% and 7%	(2020: 1% and 7%)

The group owns the following investment properties: Usce Tower 1 Belgrade, Navigator Office Building Belgrade, Immocenter Two Belgrade and Navigator Office Building 2 Belgrade, Delta City 67 Shopping Center Belgradeunder BRE B.V. level and Usce Shopping Center Belgrade, Idea Supermarket Subotica, Immocentar I Belgrade, Retail Space in Knez Mihailova street, Usce Tower 2 Belgrade, Mercator Center Belgrade and Shopping Center IV d.o.o. Beograd.

The Group investment property was appraised by external appraisers holding a recognized and relevant professional qualification and having recent experience in the location and category of the investment property being valued. At the end of 2021 the fair value of the property amounts €663,9 million (2020: €408,3 million). The valuations obtained were based on a discounted cash flow method taking into account the expected rental income. In this valuation risk for major uncertainties were taken into account.

16. Property, plant and equipment

	Equipment
In thousands of euros	
Balance at 1 January 2020	2.327
Additions	488
Disposal	-332
Exchange difference	-
Balance at 31 December 2020	2.483
In thousands of euros	
Balance at 1 January 2021	2.483
Additions	12.436
	-
Exchange difference	3.321
Disposal	-158
Balance at 31 December 2021	11.440
Depreciation	
In thousands of euros	
Balance at 1 January 2020	-740
Deprecation for the year	-109
Disposals	155
Exchange difference	-
Balance at 31 December 2020	-694
In thousands of euros	
Balance at 1 January 2021	-694
Deprecation for the year	1.505
Disposals	53
Balance at 31 December 2021	-2.146
Carrying amounts	
At 1 January 2020	1.587
At 31 December 2020	1.789
At 1 January 2021	1.789
At 31 December 2021	9.294

17. Financial fixed assets

	2021	2020
In thousands of euros		
Deposits in banks	6.617	8.296
	6.617	8.296

The fair value of the financial assets is in line with or the same as the amortized costs.
During 2021 all long-term receivables relate to deposits in banks for longer than one year.

18. Joint venture

	2021	2020
In thousands of euros		
Joint venture SC IV Holding B.V., 50% (2019: 50%)	-	27.097
	-	27.097

The movement schedule is as follows:

In thousands of euros	
Opening balance per 1 January 2021	27.097
Merger with BreAtt B.V.	-27.097
Year-end balance per 31 December 2021	-

The Group had a 50% (2020: 50%) interest in joint venture SC IV Holding B.V., a separate company which operating in Netherlands. The primary activity of SC IV Holding B.V. is the holding activity for its subsidiary which operates in Republic Serbia in real estate.

The contractual arrangement provides the group with the rights to the proportionate (50%) share of net assets of the joint arrangement. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

The Group had a 50% interest in the joint venture (2020: 50%).

According to the Shareholders arrangement between the Company and Atterbury Europe Holding B.V. the parties have an equal voting right (each has 50% of votes) and should take all decisions regarding joint venture activity on a joint basis. The joint venture is represented by one director from Company and one from Atterbury Europe Holding B.V.

During the year 2021 this joint venture has been merged with BreAtt B.V.

Summarized financial information in relation to the joint venture SCIV Holding B.V. is presented below:

	2020
In thousands of euros	
Current assets	8.328
Non-current assets	126.143
Current liabilities	7.295
Non-current liabilities	72.982
Net assets (100%)	54 194
Included in the above amounts are:	
Cash and cash equivalents	3.927

	2020
In thousands of euros	
Total revenues from operating activities	6.922
Change in fair value investment property	14.482
Total other income	598
Total operating expenses	-4.086
Net finance costs	-1.106
Result for the year	16.810
Tax expenses	-5.206
Total comprehensive income	11.604

	2020
In thousands of euros	
Opening equity per 1 January	42.550
Shareholders contribution	40
Result for the period	11.604
Other comprehensive income	-
Total Equity of SCIV Holding B.V.	54.194
Group's share in %	50%

19. Short term loans

In thousands of euros	2021	2020
Gruppo MB	5.599	5.599
MPC Holding D.O.O.	3.030	2.100
Tri Lista Duvana D.O.O.	2.061	562
Plaza Prima D.O.O.	200	-
SC IV D.O.O.	-	2.070
	10.890	10.331

Short-term loans represent current (non-interest) financing provided to related parties. The carrying amount of short-term loans approximates their fair value and does not include any past due or impaired debts.

20. Trade and other receivables

In thousands of euros	2021	2020
Receivables from related parties	85	24
Trade debtors (net)	5.736	4.587
Prepayment	288	183
Accruals	8.299	322
Other current assets	333	5.446
	14.741	10.562

The carrying amount of trade and other receivables approximates to their value, which is based on an estimate of the recoverable amount. The recoverable amount is determined by calculating the present value of the expected future cash flows.

The average maturity of the trade debtors is between 60 and 90 days. The trade debtors mainly relate to lettings. Trade receivables whose collection is less than three months overdue are not considered impaired. The aforementioned receivables relate to receivables from a number of independent customers.

Other categories with trade receivables and other receivables do not include impaired assets. In position of other current assets at the end of 2021 are held accruals for calculated income due to IFRS 16 and the fact that the Company gave its tenants discounts for the period shopping and retail malls were closed.

21. Cash and cash equivalents

In thousands of euros	2021	2020
Deposits	7.475	4.209
Current accounts	7.002	8.186
Foreign currency accounts	12.815	14.762
	27.292	27.157

Refer to note 3.1 For explanation on the Group's liquidity risk management.

22. Share capital

22.1 Outstanding shares

In thousands of euros	2021	2020
Share capital as at 1 January	19	19
Issued shares during the financial year	-	-
	19	19

22.2 Share capital

In thousands of euros	2021	2020
Share capital as at 1 January	19	19
Issued shares during the financial year	-	-
	19	19

At 31 December 2021 the paid-in capital comprised of 190 ordinary shares with a par value of € 100 (2020: 190 ordinary shares). Authorized share capital consists of 190 ordinary shares (2020: 190 ordinary shares).

23. Share premium

In thousands of euros	2021	2020
Share premium as at 1 January	31.017	32.992
Contribution in kind/Issuance price share premium	-	-1.975
	31.017	31.017

Under Dutch law this reserve is distributable providing there are sufficient net assets in the Group.

24. Retained earnings

In thousands of euros	2021	2020
Other reserve as at 1 January	134.200	122.594
Allocation result previous year	17.666	11.899
Results from hedging	1.688	-293
Change minority interest	-9.970	-
	143.584	134.200

25. Exchange differences reserve

In thousands of euros	2021	2020
Exchange differences reserve as at 1 January	67	1.534
Movement for the year	-	-1.467
Reclassification to retained earnings	-	-
	67	67

26. Result for the year

In thousands of euros	2021	2020
As at 1 January	17.666	11.899
Allocation profit previous year	-17.666	-11.899
Result for the year	15.296	17.666
	15.296	17.666

27. Minority interest

In thousands of euros	2021	2020
As at 1 January	32.423	33.620
Movement for the year	34.193	-
Other comprehensive income	1.012	-97
Repayment of share premium	-	-2.761
Result for the year	7.515	1.661
	75.143	32.423

Balkans Real Estate B.V. is owner of 62,5% (2020: 75%) of the capital of BreAtt B.V. Due to this BreAtt B.V. is taken into full consolidation and a minority interest is accounted for the other 37,5% (2020: 25%).

28. Borrowings

In thousands of euros	2021	2020
Loans from banks and lease liabilities	408.881	238.869
Repayment within one year	-30.148	-18.497
	378.733	220.372

	Total undiscounted cash flows at 31 December 2021	*Remaining term < 1 year*	*Remaining term > 1 year < 5years*	*Remaining term > 5 years*
Loans from banks (without interest)	408.881	30.148	129.263	249.470

The list of securities can be found below note 38. The average interest differs between 3M EURIBOR 3.15%-and 3M EURIBOR +4.50% (2020: between 3m EURIBOR 3.15%-and 3m EURIBOR +4.50%). Maturity dates are – August 2021 to November 2036 (2019: August 2020 to August 2027).

29. Other long-term liabilities

In thousands of euros	2021	2020
Other long-term liabilities	4.474	3.824
	4.474	3.824

The other long-term liabilities consist of financial deposits from customers for the first 3 months of rent and long-term provisions.

30. Deferred tax liability

In thousands of euros	2021	2020
Deferred tax liabilities	30.389	16.448
	30.389	16.448

Deferred tax liabilities relate to the difference between commercial and fiscal values of the real estate. The tax liabilities are measured at the nominal tax rate in Serbia which is 15%.

31. Short-term financial liabilities

In thousands of euros	2021	2020
Other short term liabilities	-	1.663
	-	1.663

Short-term financial liabilities relate to the interest-free borrowings from related parties and other legal entities with the repayment period up to one year. Carrying amount of short-term financial liabilities approximates their fair values.

32. Trade and other payables

In thousands of euros	2021	2020
Trade from related parties	10.064	209
Trade payables	2.288	1.451
Received advances	102	2.082
Accrual expense	8.702	7.597
Other liabilities	3.555	4.983
	24.711	16.322

Refer to note 3.1 for explanations on the Group's liquidity risk management.

33. Current tax liabilities

	2021	2020
In thousands of euros		
VAT	1.023	515
Income tax	290	469
Other tax liabilities	1.288	74
	2.601	1.058

34. Related parties

List of other related parties

Name of related party	Country	Relationship
Plaza Prima D.O.O., Beograd	Serbia	Party under common control - subsidiary of MPC Holding D.O.O.
Mercata D.O.O., Beograd	Serbia	Party under common control - subsidiary of MPC Holding D.O.O.
MPC Holding D.O.O., Beograd	Serbia	Intermediate holding company under common control - Subsidiary of Centurion Venture Capital B.V. (before named MPC Properties International B.V.)
Petar Matic	Serbia	Shareholder of Ultsert Trading Ltd
City Real Estate - CRE D.O.O., Beograd	Serbia	Party under common control - subsidiary of Centurion Venture Capital B.V.
Atterbury Europe B.V.	Serbia	Minority shareholder in BreAtt B.V.
Centurion Venture Capital B.V.	Netherlands	Domestic parent company of Balkans Real Estate B.V. (former name MPC Properties International B.V.)
Ultsert Trading Ltd.	Jersey	Ultimate parent company of Balkans Real Estate B.V. (domestic parent of Centurion Venture Capital B.V.)

Long-term financial placements to related companies

	2021	2020
In thousands of euros		
MPC Holding D.O.O.	3.030	2.100
Gruppo MB	5.598	-
Tri Lista Duvana D.O.O.	2.063	-
Plaza Prima	200	-
SC IV D.O.O	-	2.070
	10.891	4.170

Payables and other liabilities to related companies

	2021	2020
In thousands of euros		
Centurion Venture Capital B.V.	8.687	-
Confluence Property Mangement D.O.O.	132	209
Atterbury Europe B.V.	1.245	-
	10.064	209

Related party transactions

Centurion Venture Capital B.V. (the former name - MPC Properties B.V.), as 31 December 2021 holds 100% (2019: 100%) of the shares of the company.

35. Subsidiaries

	Country of incorporation	Ownership interest	
		2021	*2020*
Existing subsidiaries			
Balkans Real Estate D.O.O.	Serbia	100%	100%
Usce Tower I D.O.O.	Serbia	100%	100%
Immocentar Two D.O.O.	Serbia	100%	100%
GP Seven D.O.O.	Serbia	100%	100%
Navigator Business Center D.O.O.	Serbia	100%	100%
BRE Development One D.O.O.	Serbia	100%	100%
Delta City 67 D.O.O.	Serbia	100%	0.00%
BreAtt B.V.	Netherlands	62,5%	75%
Immocentar I D.O.O.	Serbia	62,5%	75%
Kanem CO D.O.O.	Serbia	62,5%	75%
Usce Shopping Center D.O.O.	Serbia	62,5%	75%
Sub Real D.O.O.	Serbia	62,5%	75%
Usce Tower Two D.O.O.	Serbia	62,5%	75%
Retail Center D.O.O.	Serbia	62,5%	75%
SC IV Holding B.V.(*)	Netherlands	50%	50%

(*) SC IV Holding is joint venture and is being controlled by Balkans Real Estate B.V. jointly with Atterbury Europe Holding B.V. During 2021 this company has been merger with BreAtt B.V.

36. Information on remuneration of the individual members of the Board of Management and the Supervisory Board

Remuneration

The aggregate remuneration paid and benefits in kind granted to the Directors as a group during the last completed financial year ending 31 December 2021 of the Group was null Euro (2020: null Euro).

There are no outstanding loans or guarantees provided by any member of the Group to or for the benefit of any of the Directors and executive officers.

37. Information on audit fees

The total audit fee paid to the auditor during the financial year ending 31 December 2021 amounts € 65.000 (2020: € 65.000).

38. Contingent liabilities

As at 31 December 2021, the group has given the following pledges to the financial institutions as a security for the received loans:

- Pledge on the subsidiaries held by the Group.
- Pledge on the bank accounts of the Group.
- Pledge on any receivables.
- Pledge on all receivables arising from rentals.
- Pledge on the receivables from insurance policies
- Pledge on future receivables.
- Pledge on receivables from hedge agreements.
- Pledge on the movable property in USCE Shopping Center.
- Pledge on the following real estate:
    - USCE Shopping Center
    - Immocenter I
    - Kanem Co
    - Retail Center
    - USCE Tower I
    - USCE Tower II
    - Navigator Business Centre
    - Navigator Business Centre II
    - Immo Centre II
    - Delta City 67

Legal claims, disputes and contingent liabilities
As of reporting date and up to date of issuance of financial reporting the Group is not involved in any litigations or claims. It is not expected that due to contingent liabilities materially significant financial liabilities will arise.

Company statement of comprehensive income for the year ended 31 December 2021

In thousands of euros	2021	2020
Share of profits/(losses) of associate	11.517	8.386
Other income after taxes	-1.315	-1.899
Result for the year	10.202	6.487
Other comprehensive income	-	-
Total comprehensive income	10.202	6.487

Company statement of financial position 31 December 2021

In thousands of euros	Notes	2021	2020
ASSETS			
Investment in subsidiaries	39	119.631	96.196
Investments in equity-accounted joint venture	40	-	22.395
Total non-current assets		119.631	118.591
Short term loan to related party	41	45.308	21.255
Trade and other receivables	42	149	558
Cash and cash equivalents	43	485	1.276
Total current assets		45.942	23.089
Total assets		**165.573**	**141.680**
EQUITY			
Share capital	44	19	19
Share premium	45	31.017	31.017
Retained earnings	46	94.317	87.830
Result for the year	47	10.202	6.487
Total equity		135.555	125.353
LIABILITIES			
Borrowings	49	10.000	11.292
Total non-current liabilities		10.000	11.292
Borrowings	49	10.533	5.000
Trade and other payable	50	9.485	35
Total current liabilities		20.018	5.035
Total liabilities		30.018	16.327
Total equity and liabilities		**165.573**	**141.680**

Notes to the company financial statements

All amounts are in thousands of euros unless otherwise stated.

Significant accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2 of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e., only IFRS that is adopted for use in the EU at the date of authorization) as explained further in the notes to the consolidated financial statements.

Foreign currency

Assets and liabilities in foreign currencies are translated at the official rates of exchange ruling on statement of financial position dates. Transactions in foreign currencies are translated at the applicable exchange rate on the transaction dates. The resulting exchange differences are accounted for in the statement of comprehensive income.

The financial statements of the foreign subsidiaries are translated at the rates of exchange prevailing at the end of the accounting periods. Differences resulting from the translation of assets and liabilities of the group of companies at the rates prevailing at the beginning and at the end of the year are shown as a separate item in shareholder's equity.

Financial fixed assets

Subsidiaries and other participating interests in which significant influence may be exerted are stated at net asset value, using the equity method. The net asset value is calculated on the basis of the accounting policies included in these financial statements. Participating interests whose figures cannot be brought in line with these policies due to insufficient information, are valued based on the financial statements of the participating interest involved. Participating interests with a net asset value of less than nil is carried at nil. If the investing company is liable for the participating interest's debts, a provision will be formed.

Receivables

Accounts receivable are shown after deduction of a provision for bad and doubtful debts where appropriate. The accounts receivable has a maturity date due within one year.

Cash and cash equivalents

Cash and bank balances are freely disposable, unless stated otherwise.

Current liabilities

The short-term liabilities are due within one year.

39. Investments in subsidiaries

In thousands of euros	2021	2020
Immocentar Two D.O.O.	490	490
Navigator Business Center D.O.O.	3.307	3.307
BreAtt B.V.	114.805	92.399
Delta City D.O.O.	1.029	-
	119.631	96.196

For subsidiaries with a negative net-asset value the company assesses whether it is liable for the debts from the subsidiaries. When the company is not severely liable for the debts from the subsidiary with a negative net-asset value, the subsidiary is valued a nil.

The Company had 50% of the shares (2020: 50% shares) in joint venture SC IV Holding B.V. During the year the joint venture has been merge with BreAtt B.V. The interest in BreAtt B.V. has been changed from 75% to 62,5%.

Movements in investments in subsidiaries

In thousands of euros	
Balance at 1 January 2021	96.196
Additional investments in subsidiaries	1.029
Merger SCIV Holding B.V./BreAtt B.V.	22.406
Balance at 31 December 2020	119.631

40. Investments in equity-accounted joint venture

In thousands of euros	2021	2020
Joint venture SCIV Holding B.V.	-	22.395
	-	22.395

The Company had 50% of the shares (2020: 50% shares) in joint venture SC IV Holding B.V. During the year the joint venture has been merge with BreAtt B.V.

41. Short term loan to related party

In thousands of euros	2021	2020
Delta City D.O.O.	24.053	-
GP Seven D.O.O.	15.417	15.417
Balkans Real Estate D.O.O.	3.138	3.138
Navigator Business Center D.O.O.	2.700	2.700
	45.308	21.255

42. Trade and other receivables

In thousands of euros	2021	2020
Agrokor AG - Loan	1.500	1.500
Agrokor AG - Interest to receive on loan	29	29
Agrokor AG - Provision loan and interest	-1.529	-1.529
Other receivables	149	558
	149	558

Agrokor AG faced with liquidity problems due to insolvency of its parent company Agrokor d.d. (Croatia). Until the date of this report Agrokor repaid the amount of EUR 8.5 mln, so at the moment Group has EUR 1,529 thousand of outstanding receivables. Balkans Real Estate B.V. management estimates that EUR 1,529 thousand should be impaired as of reporting date.

43. Cash and cash equivalents

In thousands of euros	2021	2020
VTB Bank	485	1.276
	485	1.276

Equity

44. Share capital

44.1 Outstanding shares

In thousands of euros	2021	2020
Share capital as at 1 January	19	19
Issued shares during the financial year	-	-
	19	19

44.2 Share capital

In thousands of euros	2021	2020
Share capital as at 1 January	19	19
Issued shares during the financial year	-	-
	19	19

At 31 December 2021 the paid-in capital comprised of 190 ordinary shares with a par value of € 100 (2020: € 100). Authorized share capital consists of 190 ordinary shares.

45. Share premium

	2021	2020
In thousands of euros		
Share premium as at 1 January	31.017	32.992
Contribution in kind/Issuance price share premium	-	-1.975
	31.017	31.017

Under Dutch law this reserve is distributable providing there are sufficient net assets in the company.

46. Retained earnings

	2021	2020
In thousands of euros		
Other reserve as at 1 January	87.830	72.820
Allocation result previous year	6.487	15.010
	94.317	87.830

47. Result for the year

	2021	2020
In thousands of euros		
As at 1 January	6.487	15.010
Allocation profit previous year	-6.487	-15.010
Result for the year	10.202	6.487
	10.202	6.487

48. Total equity

	2021	2020
In thousands of euros		
Total consolidated equity	265.198	215.392
Total company equity	133.536	125.353
	131.662	90.039

2021/2020: The difference between the consolidated equity and the company equity is due to the fact that subsidiaries are accounted for at cost, while they are included in the consolidation for their net assets, as all assets and liabilities are included in the consolidated accounts and changes in exchange difference reserve.

In addition, due to the full consolidation of BreAtt B.V. in the consolidated equity, there is an minority interest, that is not applicable in the company equity.

	2021	2020
In thousands of euros		
Total consolidated net results	15.368	17.666
Total company net results	8.183	6.487
	7.185	11.179

2021/2020: The results of the subsidiaries are included in consolidated income statement but result of subsidiaries in the company income statement would only include dividends received.

49. Borrowings

In thousands of euros	2021	2020
Loan Hystead Ltd.	10.000	-
Loans from banks	10.533	16.292
Repayment within one year	-10.533	-5.000
	10.000	11.292

	Total undiscounted cash-flows at 31 December 2021	*Remaining term < 1 year*	*Remaining term > 1 year < 5years*	*Remaining term > 5 years*
Loans from banks (without interest)	20.533	10.533	8.621	1.379

50. Trade and other payables

In thousands of euros	2021	2020
Loan Centurion Venture Capital B.V.	7.600	-
Current account Atterbury Europe B.V.	759	-
Current account Centurion Venture Capital B.V.	1.087	-
Trade payables	39	35
	9.485	35

51. Personnel expense

Reference is made to the Consolidated statements of personnel expenses, note 8.

52. Information on remuneration of the individual members of the Board Management

Reference is made to the Consolidated statements Information on remuneration of the individual members of the Board of Management, note 36.

53. Commitments and guarantees

Reference is made to the Consolidated statements commitments and guarantees, note 38.

OTHER INFORMATION

Proposed result appropriation 2021

The board of directors propose to add the result for the year 2021 to the retained earnings. This proposal has not been incorporated in the annual accounts.

Signed,

M. Gledovic ....

T. Vujovic ....

Provisions of the articles of association in respect of profit appropriation

The profit as shown in the statement of comprehensive income, is at the disposal of the General Meeting of Shareholders.

MOORE /mth

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Balkans Real Estate B.V.

A. Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Balkans Real Estate B.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Balkans Real Estate B.V. as at 31 December 2021, and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Balkans Real Estate B.V. as at 31 December 2021, and its result for 2021 in accordance with part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2021;
2. the following statements for 2021:
   the consolidates income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2021;
2. the profit and loss account for 2021; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Balkans Real Estate B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.
Our audit included among others.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 15 August 2022
Moore MTH B.V.

drs. B.M. Tinge RA

drs. B.M. Tinge RA