P3 Group S.à.r.l.

Condensed Consolidated Interim Financial Statements

For the six-month period ended 30 June 2021

BOARD OF MANAGERS' REPORT FOR THE PERIOD 31 DECEMBER 2020 TO 30 JUNE 2021

P3 Group S.à r.l. ("the Company") is a limited liability company incorporated in Luxembourg.

The investment strategy of the Company and its subsidiaries ("the Group") is to build a world-class network of modern distribution facilities.

I. Interim financial statements

The Group prepared condensed consolidated interim financial statements for the first time with the same closing procedures performed for the interim periods as those regularly performed at year-end except for taxation, where the taxes are calculated based on the effective tax rates derived from the prior year-end period. For the comparative figures, the Group closed the books and prepared on the same basis as the year-end. In terms of the valuation for the investment properties for both interim periods, the valuations were performed by external independent appraiser.

II. Activities and review of investment and development

The Company was incorporated on 27 August 2013. On 14 October 2013 the Company acquired a portfolio of 48 yielding assets in seven countries across Europe along with land for future developments, and the companies responsible for the asset management of the portfolio.

Throughout the years, the Group has expanded across different European countries and now operates in Czech Republic, Slovakia, Austria, Poland, Spain, Germany, Romania, France, Italy, Netherlands, Belgium, Serbia and Luxembourg.

In 2021, the Group completed acquisition of an entity owning land in the Czech Republic and purchased land in Italy and Spain.

III. Financing activities

The Group funds its activities using a combination of standard bank financing and financing provided by its shareholder. In March 2021 the Group drew down a short-term bank debt of €400.0 million and used the full amount to repay the shareholder loan, in June 2021 the maturity of this loan was extended till May 2022.

The Group experienced no liquidity issues during the period and has stable, long term financing arrangements.

IV. Results and allocation

For 6 months in 2021, the Group generated operating profit of €457.4 million and IFRS profit before tax of €413.0 million. The result is mainly the result of increase in the market value of investment properties and development land of €327.9 million, offset by net financial costs of €44.4 million.

V. Property portfolio

As of 30 June 2021, the Group had 288 yielding assets and development land of 2.85 million sqm together valued at €6,482.2 million and an additional 13 assets under construction valued at €229.7 million. The Group's yielding assets are diversified across 11 European countries having 6.6 million sqm lettable space with a further 297.4 thousand sqm under construction.

In 2021, the Group completed 7 development projects adding an additional 208.4 thousand sqm to the portfolio and purchased additional 233.8 thousand sqm of land with 111 thousand sqm GLA potential in Czech Republic and Spain.

VI. Research and development and purchase of own shares

The Group was not active in research and development and has not purchased any of its own shares within the reported period.

VII. Summary and Outlook

The focus of the Group is to optimise the performance of the existing portfolio and continue to grow the business both by developing new assets and acquiring new portfolios in strategically relevant countries in Europe.

VIII. Risk management

The consolidated financial statements 2020 outlines the risk management items and the mitigation actions at the time of close of 2020 financial year. In the first half of 2021, Management's view is that the nature and potential impact of the risks have not changed materially compared to 2020 year-end.

IX. Subsequent events

Disposal of assets

In 2020, the Group initiated a disposal process for a pan-European portfolio of 16 assets. On 18 May 2021, the Group has signed sale and purchase agreements with a buyer for an aggregate property value of €255.6 million. The transaction was successfully completed end of July 2021.

In August 2021, sale of one property in Germany was signed.

More details about both disposals are presented under "Assets held for sale" described in Note 5.11.

Acquisitions

In July 2021, the Group acquired new entity owning the land in Italy.

Luxembourg, 16 September 2021

Management Board member	Management Board member

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To the Board of Managers of
P3 Group S.à r.l.
13-15, avenue de la Liberté
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Luxembourg

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of P3 Group S.à r.l. (the "Company") and its subsidiaries (the "Group") which comprise the condensed consolidated interim statement of financial position as at 30 June 2021, and the condensed consolidated interim income statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 16 September 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Bobbi Jean Breboneria

Partner

P3 Group S.à r.l.
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OCI
For the 6 months ended

In € thousand	Note	30 June 2021	30 June 2020
Rental income		159,209	118,005
Service charges		21,949	18,575
Gross rental revenue	**4.1**	**181,158**	**136,580**
Property operating expenses	4.2	(29,152)	(21,316)
Net rental income		**152,006**	**115,264**
Net gains from fair value adjustments on investment property	4.4	327,913	127,324
Management fee income		15	-
Disposal of investment property	4.5	490	3,876
Other expense, net	4.6	1,967	22,185
Administrative expenses	4.3	(24,976)	(25,752)
Operating profit		**457,415**	**242,897**
Financial income	4.7	24,749	7
Financial costs	4.8	(69,158)	(101,715)
Profit/(Loss) before tax		**413,005**	**141,189**
Current income tax expense	4.9	(11,499)	(8,228)
Deferred income tax expense	4.9	(74,356)	(18,563)
Profit/(Loss) for the year		**327,151**	**114,398**
Other comprehensive income which will be subsequently reclassified to profit or loss:			
Foreign currency translation adjustment		21,083	(36,759)
Total comprehensive income for the year		**348,234**	**77,639**
Profit/(Loss) attributable to:			
Non-controlling interests		919	(151)
Owners of the Group		326,232	114,549
Profit/(Loss) for the year		**327,151**	**114,398**
Other comprehensive income attributable to:			
Non-controlling interests			-
Owners of the Group		21,083	(36,759)
Other comprehensive income for the year		**21,083**	**(36,759)**

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Managers on the 16 September 2021 and were signed on their behalf by:

Management Board member

Management Board member

P3 Group S.à r.l.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In € thousand	Note	30 June 2021	31 December 2020
Assets			
Investment property	5.1	6,084,685	5,762,243
Investment property under construction	5.2	158,988	148,939
Investment property - right-of-use asset	5.3	97,332	94,728
Property, plant and equipment		2,195	2,225
Right-of-use assets		5,397	5,779
Intangible assets		5,959	46
Derivative financial instruments	5.4	2	8
Deferred tax assets		19,098	20,161
Non-current restricted cash		2,378	3,567
Other non-current assets	5.5	62,728	63,539
Total non-current assets		**6,438,762**	**6,101,235**
Trade receivables	5.6	22,334	29,051
Tax receivables	5.7	65,701	70,920
Other current assets	5.8	27,521	23,030
Prepayments		10,711	10,307
Cash and cash equivalents	7.4	160,942	151,979
Assets held for sale	5.13	435,009	266,843
Total current assets		**722,218**	**552,130**
TOTAL ASSETS		**7,160,980**	**6,653,365**
Equity			
Issued share capital		365	365
Share premium		3,816	3,816
Other capital funds	5.9	324,543	324,506
Retained earnings		1,365,518	1,039,245
Translation reserve		4,352	(16,731)
Equity attributable to owners of the Company		**1,698,594**	**1,351,201**
Non-controlling interest (NCI)	5.9	6,381	5,807
Total equity		**1,704,975**	**1,357,008**
Liabilities			
Long-term borrowings	5.10	3,687,604	4,627,671
Deferred tax liabilities	4.9	395,615	330,641
Long-term payables	5.11	107,403	114,898
Total non-current liabilities		**4,190,622**	**5,073,210**
Short-term borrowings	5.10	1,000,000	-
Trade payables		20,801	22,395
Accruals		41,699	40,946
Deferred income		21,499	20,339
Tax liabilities	5.12	108,233	91,693
Other payables		11,681	12,005
Liabilities directly associated with assets held for sale	5.13	61,470	35,769
Total current liabilities		**1,265,383**	**223,147**
TOTAL EQUITY AND LIABILITIES		**7,160,980**	**6,653,365**

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.
The condensed consolidated interim financial statements were approved by the Board of Managers on the 16 September 2021 and were signed on their behalf by:

Management Board member

Management Board member

P3 Group S.à r.l.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended

In € thousand	Note	Issued share capital	Share premium	Other capital funds	Retained earnings	Translation reserve	Non-controlling interest	Total equity
Balance at 1 January 2021		**365**	**3,816**	**324,506**	**1,039,245**	**(16,731)**	**5,807**	**1,357,008**
Transaction with owners in their capacity as owners								
Contribution to other capital funds		-	-	-	-	-	-	-
Allocation to reserve fund		-	-	700	(700)	-	-	-
Total balance after contributions		**365**	**3,816**	**325,206**	**1,038,545**	**(16,731)**	**5,807**	**1,357,008**
Profit for the period		-	-	-	326,232	-	919	327,151
Reclassification and corrections		-	-	(663)	663	(5,510)	-	(5,510)
Minority interest	5.9	-	-	-	77	-	(345)	(268)
Other comprehensive income		-	-	-	-	26,592	-	26,592
Balance at 30 June 2021		**365**	**3,816**	**324,543**	**1,365,518**	**4,352**	**6,381**	**1,704,975**

In € thousand	Note	Issued share capital	Share premium	Other capital funds	Retained earnings	Translation reserve	Non-controlling interest	Total equity
Balance at 1 January 2020		**365**	**3,816**	**293,467**	**855,438**	**17,092**	**5,403**	**1,175,581**
Transaction with owners in their capacity as owners								
Contribution to other capital funds		-	-	-	-	-	-	-
Allocation to reserve fund		-	-	-	-	-	-	-
Total balance after contributions		**365**	**3,816**	**293,467**	**855,439**	**17,092**	**5,403**	**1,175,581**
Profit for the period		-	-	-	114,549	-	(151)	114,398
Reclassification and corrections		-	-	-	133	-	-	133
Minority interest		-	-	-	13	-	(21)	(8)
Other comprehensive income		-	-	-	-	(36,760)	-	(36,760)
Balance at 30 June 2020		**365**	**3,816**	**293,467**	**970,134**	**19,668**	5,231	**1,253,344**

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

P3 Group S.à r.l.
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended

In € thousand	Note	30 June 2021	30 June 2020
Cash flows from operating activities			
Profit before taxation		413,005	141,189
Adjustment for:			
Depreciation and amortisation		2,447	1,210
Valuation net gains on investment property	4.4	(327,913)	(127,324)
Valuation net gains on derivatives	4.8	6	(28)
Interest expense and financial fees	4.8	69,152	47,874
Interest and other financial income	4.7	(372)	(7)
(Profit) / loss on disposal of PPE / subsidiaries	4.5	(490)	(3,876)
Other non-cash items		(6,825)	(12,566)
Foreign exchange differences		(33,091)	59,250
Operating cash flows before working capital changes		**115,919**	**105,722**
Decrease / (increase) in trade and other receivables		4,772	(17,198)
Decrease / (increase) in prepayments		(497)	(1,383)
Increase in trade and other payables		23,689	(17,340)
(Decrease) / increase in accrued expenditure		631	2,821
Cash generated from operations		**144,514**	**72,622**
Interest paid		(8,978)	(8,341)
Taxes paid		(5,651)	(8,159)
Net cash generated from / (used in) operating activities		**129,885**	**56,122**
Cash flows from investing activities			
Acquisition of investment property and subsequent expenditure	5.1	(121,046)	(1,003,375)
Acquisition of tangible, intangible fixed assets and leased assets		(6,672)	(78)
Decrease / (increase) in restricted cash		1,189	(1,189)
Proceeds from disposal of Investment Property	4.5	5,847	126,380
Net cash used in investing activities		**(120,682)**	**(878,262)**
Cash flow from financing activities			
Proceeds from bank borrowings	5.10	400,000	1,550,000
Repayment of bank borrowings	5.10	-	(600,000)
Proceeds from related party borrowings	5.10	-	303,000
Repayment to related party borrowings	5.10	(400,000)	(300,000)
Payment of transaction costs related to borrowings			-
Increase/(decrease) in other capital funds			-
Net cash generated from financing activities		**-**	**953,000**
Net decrease in cash and cash equivalents		**9,203**	**130,860**
Foreign exchange differences		(240)	335
Cash and cash equivalents at the beginning of the year		151,979	102,099
Cash and cash equivalents at the end of the period	**7.4**	**160,942**	**233,294**

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Introduction
P3 Group S.à r.l. ("the Company") is a limited liability company incorporated in Luxembourg. The Company and its subsidiaries (together "the Group") is a specialist investor, developer and asset manager of warehouse properties and comprises real estate investment companies, together with companies responsible for the management of those companies.

The Company was incorporated on 27 August 2013 as TPG Cent S.à r.l. On 23 September 2013 the Company changed its name to P3 Group S.à r.l. On 22 December 2016, Euro Vitus Private Limited, a private limited company incorporated in Singapore became the owner of the Group. The Company's registered address is 13-15, Avenue de la Liberté, Luxembourg.

Description of ownership structure
Euro Vitus Private Limited is ultimately owned by GIC, the sovereign wealth fund of the Government of Singapore.

Management Board

as at 30 June 2021:

Mr. Adnane Zahrane
Mrs. Tracy Stroh
Mrs. Denise Grant
Mr. Christopher Paul Jenner
Mr. Michael Robert Kidd
Mr. Frank Pörschke
Mr. Mike McKeon
Mr. Goh Kok Huat

as at 31 December 2020:

Mr. Adnane Zahrane
Mrs. Madelaine Elizabeth Cosgrave
Mrs. Denise Grant
Mr. Christopher Paul Jenner
Mr. Michael Robert Kidd
Mr. Timothy Beaudin
Mr. Mike McKeon
Mr. Jose Rodriguez Lopez
Mr. Goh Kok Huat

Employees
The Group had 194 employees as at 30 June 2021 (31 December 2020 – 192 employees).
All the above employees were engaged in the core business activities of the Group.

Financial year
The Group's financial year is from 1 January till 31 December. These condensed consolidated interim financial statements were prepared for 6-month period ending 30 June 2021.

Acquisitions and changes to the Group
The Group completed several acquisitions during 6 months of 2020 and 2021. The Group assessed these acquisitions and evaluated whether these acquisitions are treated according to IFRS 3 Business Combinations or as an asset acquisition under IAS 40 Investment Property and IAS 16 Property, Plant and Equipment.

For each investment property acquired, the Group considered these relevant factors:

- Inputs – being non-current assets (buildings and land) and contracts;
- Processes – management with unique knowledge related to investment property in the area, or unique processes;
- Outputs – the intended outputs being rental income from leases.

As a result of the assessment the acquisitions met the criteria to be qualified as asset acquisition under IFRS. It is due to the fact, that no processes were acquired as part of the acquisition. Therefore, all directly attributable costs related to the acquisitions were distributed among the acquired identifiable assets and liabilities, and no goodwill is recognized out of the acquisitions.

Consolidation Group

The Group prepares the condensed consolidated interim financial statements at the level of P3 Group S.à r.l located in Luxembourg. The condensed consolidated interim financial statements are available at the seat of this company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation of condensed consolidated interim financial statements

a) Statement of compliance

These condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Managers on 16 September 2021.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position, which are measured as indicated below at each reporting date:

- 'Investment property' and 'Investment property under construction' are measured at fair value;
- 'Derivative financial instruments' are measured at fair value; and
- 'Disposal groups' are measured at the lower of their carrying amount and fair value less costs to sell and investment property within the disposal groups are measured at fair value.

c) Going concern

The condensed consolidated interim financial statements have been prepared on a going concern basis. In concluding that this is the appropriate basis of preparation, P3 group management have taken the following into consideration:

Cash flow projections

The Group reported negative net working capital of €543.2 million as of 30 June 2021, this is caused by part of the bank borrowings due within 12 months. The Group is currently in preparation of the long-term financing strategy, considering various options of refinancing. This short-term bank borrowings will be part of the overall roll out of the financing strategy.

Availability of related party funding

The Group has funding from related parties that supports investment and development activities.

Availability of bank debt

The Group has several credit facilities with external banks which are repayable to varying maturity schedules. Cash flow projections considering refinancing strategy show the Group can meet all loan amortisation and interest payments on all its facilities.

COVID-19 - impact

Since the COVID-19 outbreak, the Group has been closely monitoring the development of default risk on tenant receivables, evaluating status of major construction sites and assessing potential impact from changes in local regulations granting rent relief measures. In the first 6 months of 2021, the Group has not identified any further impact arising from the COVID-19, the Group will continue to monitor potential adverse impact and take appropriate mitigation measures.

Conclusion

Group management remain confident that the condensed consolidated interim financial statements should continue to be prepared on a going concern basis on the grounds that they consider sufficient funding will be available for the reasons set out above.

d) Presentation currency
These condensed consolidated interim financial statements are presented in Euro, which is the functional currency of the Company. All financial information presented in Euro has been rounded to the nearest thousand (€'000), except where otherwise indicated.

e) Critical accounting estimates, judgements and assumptions
In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual realisable values may diverge from assumptions and estimates that have been used.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

2.2. Change in accounting policy/estimates

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

Change in recognition of Leasing commissions
In the past, the Group recognised leasing commissions as expense when incurred (upon payment). This accounting policy was adopted based on the fact that the financial impact was immaterial and stable year-on-year. Due to the significant growth driven by the recent development and acquisition activities, and higher number of the rent renewals, the management has evaluated the impact and decided to align the rental income and its related expenses. Starting 1.1.2021 leasing commissions are amortized over the duration of respective rental contracts. The change is applied prospectively and this resulted in €1.6m being deferred on balance sheet as at 30 June 2021.

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2021.

The policy for recognising and measuring income taxes in the interim period is based on effective income tax rate taken from the previous year as described in the Note 4.9.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

2.3. Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market considering the highest and best use of an asset or nonperformance risk related to a liability, at the measurement date.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

i. Investment property and Investment property under construction

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at least annually. For the purpose of these condensed consolidated interim financial statements, external valuators were obtained as of 30 June 2021 for full portfolio of investment property and investment property under construction. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time. The appraisals were performed using the hardcore/capitalisation method.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

Investment property measurements are classified within Level 3 of the fair value hierarchy.

ii. Derivative financial instruments

The fair values of derivative financial instruments are classified within Level 2 of the fair value hierarchy and are based on the use of relevant observable inputs available in active markets and some other unobservable inputs (i.e. credit risks) based on the best information available to the Group. Valuation techniques include discounting of estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

iii. Assets and liabilities held for sale

The fair value of investment property included in the position "Assets held for sale" is classified within Level 3 of the fair value and is based on the expected selling price that is being negotiated with the potential purchaser. The expected selling price is compared with the fair value determined by the independent valuator as described in Note 2.3.i (as the provisions of IAS 40 should be followed in case of investment property). The lower of the two values is used.

3. SEGMENTAL ANALYSIS

Segment reporting is based upon the “management approach”. The Group’s reportable segments are asset owning companies and management/holding companies. Asset owning companies are further divided by geography.

Each of the segments are managed by Country Heads and reported to the Group’s management team separately. For reporting purposes, the Group separately reports segments that are material, which it defines as representing above 10% of revenues and 10% of total assets. All other geographic locations are grouped together in the segment “Other”.

There is only one tenant with the rental income more than 10% of the Group’s rental income.

Eliminations represent the elimination of intragroup transactions covering financing and leasing/development and asset management fees paid by asset companies to management/holding companies.

In € thousand	Czech Republic	Poland	France	Romania	Germany*	Spain	Slovakia	Italy	Netherlands	Other	Management / Holding companies	Eliminations	Total
CONSOLIDATED STATEMENT OF PROFIT OR LOSS for 6 months ended 30 June 2021													
Gross rental revenue	41,951	21,002	7,593	8,807	52,612	14,568	11,866	10,062	8,295	4,679	0	(279)	**181,158**
Property operating expenses	(5,186)	(6,719)	(2,590)	(2,634)	(6,211)	(1,389)	(2,979)	(1,568)	(1,594)	(632)	0	2,351	**(29,152)**
Net rental income	**36,766**	**14,283**	**5,003**	**6,173**	**46,401**	**13,178**	**8,887**	**8,494**	**6,701**	**4,047**	**0**	**2,071**	**152,006**
Net gains from fair value adjustments on investment property	31,126	69,809	9,118	6,672	69,308	18,446	40,880	60,049	10,275	12,229	0	0	**327,913**
Management fee income	0	0	0	0	0	0	6	0	0	0	17,958	(17,949)	**15**
Disposal of assets	0	0	0	490	0	0	0	0	0	0	0	0	**490**
Other income/Other expense	68	10	(24)	(19)	(77)	149	21	3	(11)	432	1 424	(8)	**1 967**
Administrative expenses	(4,381)	(2,780)	(882)	(770)	(6,248)	(1,659)	(975)	(882)	(800)	(607)	(18,202)	13,210	**(24,976)**
Operating profit	**63,579**	**81,322**	**13,215**	**12,545**	**109,384**	**30,115**	**48,820**	**67,664**	**16,165**	**16,100**	**1,180**	**(2,677)**	**457,414**
Financial income	18,805	7,548	223	(2,074)	31	47	(0)	116	0	(0)	148,148	(148,094)	**24,749**
Financial costs	(9,896)	(4,922)	(2,827)	(4,507)	(14,348)	(5,183)	(2,265)	(4,496)	(2,200)	(1, 171)	(165,133)	147,791	**(69,158)**
Profit before tax	**72,488**	**83,947**	**10,611**	**5,964**	**95,067**	**24,978**	**46,555**	**63,284**	**13,966**	**14, 929**	**(15,805)**	**(2,980)**	**413,005**
Income tax expense	(15,074)	(16,154)	(2,481)	0	(16,584)	0	(11,467)	(20,270)	(3,234)	(308)	(282)	0	**(85,855)**
Profit for the period	**57,414**	**67,793**	**8,130**	**5,964**	**78,483**	**24,978**	**35,088**	**43,014**	**10,731**	**14,621**	**(16,087)**	**(2,980)**	**327,151**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2021													
Investment property	1,379,621	515,438	203,656	251,170	2,001,792	570,868	382,074	410,052	238,474	180,288	0	(48,749)	**6,084,685**
Investment property under construction	6,612	262	0	1,645	35,701	64,155	0	1,914	0	51,494	0	(2,795)	**158,988**
Other assets	136,642	216,648	115,065	10,689	250,868	39,660	14,761	69,429	37,987	22,198	13,286,042	(13,282,682)	**917,307**
Total assets	**1,522,875**	**732,348**	**318,721**	**263,505**	**2,288,361**	**674,682**	**396,834**	**481.396**	**276,460**	**253,980**	**13,286,042**	**(13,334,226)**	**7,160,980**
Borrowings	680,582	356,062	198,915	172,451	1,098,217	292,566	160,236	209,851	153,723	153,676	11,375,213	(10,163,887)	**4,687,604**
Other liabilities	163,785	70,641	54,903	11,312	199,097	45,486	41,600	56,698	37,007	26,188	172,884	(111,199)	**768,401**
Total liabilities	**844,367**	**426,702**	**253,817**	**183,764**	**1,297,314**	**338,051**	**201,836**	**266,549**	**190,730**	**179,864**	**11,548,097**	**(10,275,087)**	**5,456,004**
Equity	**678,508**	**305,646**	**64,904**	**79,741**	**991,047**	**336,631**	**194,999**	**214,847**	**85,731**	**74,116**	**1,737,946**	**(3,059,139)**	**1,704,975**

*** without Urban segment**

In € thousand	Czech Republic	Poland	France	Romania	Germany	Spain	Slovakia	Italy	Netherlands	Other	Management / Holding companies	Eliminations	Total
CONSOLIDATED STATEMENT OF PROFIT OR LOSS for 6 months ended 30 June 2020													
Gross rental revenue	38,415	21,478	6,343	10,381	22,238	13,807	10,222	4,551	7,131	2,294	0	(279)	**136,580**
Property operating expenses	(4,313)	(6,834)	(2,066)	(2,614)	(2,733)	(903)	(2,204)	(850)	(966)	(57)	(3)	2,228	**(21,316)**
Net rental income	**34,101**	**14,644**	**4,277**	**7,766**	**19,505**	**12,904**	**8,017**	**3,701**	**6,165**	**2,237**	**(3)**	**1,948**	**115,264**
Net gains from fair value adjustments on investment property	52,207	23,018	1,490	5,061	83,969	(7,565)	(22,503)	(9,265)	(9,438)	10,351	0	0	**127,324**
Management fee income	0	0	0	0	0	0	0	0	0	0	11,039	(11,039)	**0**
Disposal of assets	10	2,421	0	6	0	0	0	0	0	512	19	908	**3,876**
Other income/Other expense	265	(488)	1,267	(13)	94	3	2	(3)	3	(62)	21,118	(1)	**22,185**
Administrative expenses	(4,238)	(2,947)	(408)	(896)	(2,536)	(1,302)	(936)	(239)	(543)	(914)	(17,552)	6,760	**(25,752)**
Operating profit	**82,346**	**36,647**	**6,627**	**11,924**	**101,031**	**4,039**	**(15,419)**	**(5,806)**	**(3,813)**	**12,123**	**14,620**	**(1 425)**	**242,897**
Financial income	0	0	238	24	403	88	15	213	0	0	107,082	(108,057)	**7**
Financial costs	(43,580)	(21,565)	(2,664)	(7,226)	(10,210)	(4,970)	(1,663)	(4,790)	(2,792)	(1,742)	(108,637)	108,125	**(101,715)**
Profit before tax	**38,766**	**15 082**	**4,201**	**4,723**	**91,224**	**(843)**	**(17,067)**	**(10,383)**	**(6,606)**	**10,382**	**13,065**	**(1,357)**	**141,189**
Income tax expense	(7,576)	(9,538)	(822)	(1)	(22,376)	0	4,246	3,414	4,741	1,174	(51)	0	**(26,791)**
Profit for the period	**31,190**	**5,544**	**3,379**	**4,722**	**68,848**	**(843)**	**(12,822)**	**(6,969)**	**(1,865)**	**11,555**	**13,014**	**(1,357)**	**114,398**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2020													
Investment property	1,300,849	565,846	170,308	244,641	1,919,496	530,322	290,333	347,924	231,888	167,675	0	(7,039)	**5,762,243**
Investment property under construction	(0)	242	0	1,556	30,211	49,443	45,144	0	0	24,673	0	(2,330)	**148,939**
Other assets	131,005	72,579	120,046	14,940	249,375	52,448	29,599	75,508	33,992	30,240	13,241,237	(13,240,836)	**742,183**
Total assets	**1,431,854**	**638,667**	**290,354**	**265,467**	**2,199,082**	**632,213**	**365,076**	**423,432**	**265,881**	**222,588**	**13,241,237**	**(13,322,486)**	**6,653,365**
Borrowings	684,922	348,861	183,777	180,563	1,109,476	282,453	175,600	218,201	156,926	136,718	11,349,834	(10,199,661)	**4,627,671**
Other liabilities	143,008	56,507	49,814	10,253	177,036	38,512	29,564	36,449	33,970	19,705	178,605	(104,736)	**668,686**
Total liabilities	**827,930**	**405,368**	**233,590**	**190,816**	**1,286,512**	**320,964**	**205,165**	**254,649**	**190,896**	**156,423**	**11,528,440**	**(10,304,398)**	**5,296,357**
Equity	**603,923**	**233,299**	**56,764**	**74,651**	**912,570**	**311,249**	**159,911**	**168,783**	**74,985**	**66,164**	**1,712,797**	**(3,018,089)**	**1,357,008**

4. ADDITIONAL INFORMATION TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1. Gross Rental Revenue

In € thousand

For 6 months ended	**30 June 2021**	**30 June 2020**
Rental revenue from investment property	158,538	120,327
Straight-lining of lease incentives	671	(2,322)
Rental income	**159,209**	**118,005**
Service charges	21,949	18,575
Gross rental revenue	**181,158**	**136,580**

Rental income from investment property increased due to new investment properties acquired or completed in 2020 and 2021.

4.2. Property Operating Expenses

In € thousand

For 6 months ended	**30 June 2021**	**30 June 2020**
Letting, marketing, legal and professional fees	(63)	(20)
Utilities	(2,813)	(1,020)
Taxation	(10,527)	(8,858)
Insurance	(2,429)	(1,157)
Security	(4,754)	(3,840)
Property management fees	(4,767)	(3,129)
Repairs and maintenance	(3,905)	(2,421)
Other	106	(871)
Total	**(29,152)**	**(21,316)**

4.3. Administrative Expenses

In € thousand

For 6 months ended	**30 June 2021**	**30 June 2020**
Employee expenses	(14,954)	(13,241)
Travel and transport costs	(525)	(608)
Telecommunication and IT costs	(1,026)	(922)
Consultancy and advisory fees (1)	(4,183)	(6,738)
Audit fees	(758)	(465)
Office costs	(622)	(843)
Marketing	(535)	(472)
Impairment loss on trade receivables	(136)	(25)
Other (2)	(2,237)	(2,438)
Total	**(24,976)**	**(25,752)**

(1) Consultancy and advisory fees comprise letting fees, legal, accountancy, tax and valuation services as shown in the table below.

In € thousand

Consultancy and advisory fees

For 6 months ended	**30 June 2021**	**30 June 2020**
Leasing fees	(553)	(3,339)
Accounting and payroll fees	(2,050)	(1,554)
Other professional fees	(161)	(205)
Legal and Notary fees	(689)	(725)
Tax consulting and Compliance fees	(970)	(650)
Valuation fees	(313)	(265)
Total	**(4,736)**	**(6,738)**

(2) Other administrative expenses comprise primarily Asset management fee for services provided externally and business development costs, which were written off (projects not realized).

In € thousand

Employee expenses

For 6 months ended	**30 June 2021**	**30 June 2020**
Wages and salaries	(12,655)	(11,557)
Social security and health insurance	(1,554)	(1,281)
Other	(745)	(403)
Total	**(14,954)**	**(13,241)**

4.4. Net gains from fair value adjustments on investment property

In € thousand

For 6 months ended **30 June 2021**	Valuation gains	Valuation loss	Net change in market value
Investment property	334,961	(22,252)	312,709
Investment property under construction	15,204	-	15,204
Total	**350,165**	**(22,252)**	**327,913**

See segment analysis Note 3 and Note 5.1 for more details.

In € thousand

For 6 months ended **30 June 2020**	Valuation gains	Valuation loss	Net change in market value
Investment property	223,672	(96,840)	126,832
Investment property under construction	492	-	492
Total	**224,164**	**(96,840)**	**127,324**

4.5. Disposal of investment property

During 6 months in 2021 the Group completed sale of the land in Romania, which was sold for €5.8 million.

During 6 months in 2020 the Group completed the sale of Mszczonow in Poland selling 6 yielding assets for €113.5 million and land in Bulgaria for €1.7 million (all these assets were presented under Assets held for sale as at 31 December 2019). In addition, the Group also sold one of the assets acquired as part of Maximus project for €40.4 million post completion.

In € thousand *For 6 months ended*	**30 June 2021**	**30 June 2020**
Investment property	(5,357)	(122,505)
Net assets and liabilities	**(5,357)**	**(122,505)**
Consideration received	5,847	126,380
Cash and cash equivalents disposed of	-	-
Net cash inflows	**5,847**	**126,380**

For further reference on Assets and liabilities held for sale see also Note 5.11.

4.6. Other Expense, Net

As of 30 June 2021, as well as of 30 June 2020, 'Other Expense, Net' comprised primarily transaction costs related to new acquisitions, other advisory costs related to the Group matters/projects (transfer pricing, structuring, IT systems, etc) and late fees paid by tenants.

4.7. Financial Income

In € thousand

For 6 months ended	**30 June 2021**	**30 June 2020**
Interest income	257	1
Other financial income	115	6
Net foreign exchange gains (1)	24,377	-
Total	**24,749**	**7**

(1) Net foreign exchange gains arise primarily from revaluation of borrowings from EUR to local functional currencies.

4.8. Financial Costs

In € thousand

For 6 months ended	**30 June 2021**	**30 June 2020**
Interest expenses and financing fees - non-related parties	(9,571)	(8,317)
Interest expenses - related parties	(59,387)	(39,209)
Financial fees	(194)	(349)
Unrealized losses from derivatives and financial instruments	(6)	28
Net foreign exchange losses (1)	-	(53,868)
Total	**(69,158)**	**(101,715)**

(1) Net foreign exchange losses arise primarily from revaluation of borrowings from EUR to local functional currencies.

4.9. Income Tax

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2021 was 20.8% (six months ended 30 June 2020: 19%). The change in effective tax rate was caused mainly by the fact that, comparing 2020 to 2021, net gain from fair value adjustment on investment property has arisen in countries with low nominal tax rate.

5. ADDITIONAL INFORMATION ON THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. Investment property

Investment properties include both completed yielding assets and undeveloped land intended for future development. As at 30 June 2021 the Group owned 288 completed investment properties in eleven countries - Germany, France, Czech Republic, Netherlands, Poland, Slovakia, Italy, Romania, Spain, Austria and Belgium (31 December 2020: 280 completed investment properties). The investment properties in Serbia and Bulgaria are recorded under the column "Other" in Note 3.

For detail relating to acquisitions see Note 1.

Appraisals of market values as of 30 June 2021 and as of 31 December 2020 were performed by external, independent appraisers certified by the Royal Institution of Chartered Surveyors (RICS). The appraisals were performed using the hardcore/capitalisation method.

The table below explains the valuation technique followed and the significant assumptions / unobservable inputs used:

Valuation technique	**Significant assumptions / unobservable inputs**
The properties held for investment have been valued using the income approach, capitalising the income to arrive at a capital value net of Capex, R&M costs and purchaser's costs. The method represents a quotient of dividing the annual net operating income (NOI) by the appropriate capitalisation rate (yield). NOI is calculated based on current rent payable to lease expiry (after expiry ERV is used for re-letting assumptions), allowances are made for voids and rent-free periods where appropriate and non-recoverable costs are deducted where applicable. Yield estimations consider the quality of a building, its location (prime vs. secondary), tenant credit quality, lease terms, and market conditions (take-up, vacancy in sub-region and investment volume). Future growth of rents has been accounted for implicitly in opinion of yield. For investment property under construction (IPuC), the asset is valued on an as if complete basis utilising the income approach, and then any outstanding costs to complete and proportion of developer's profit are deducted. The land held for future development is valued utilising either the cost approach (residual method) or the market approach (comparison method) depending on the level of development being undertaken, the type of development and the local market practice. As a sense check the comparison method is often used in conjunction with this approach.	- Estimated Rental Value (ERV) based on current situation on the industrial market: weighted average €54.87/m2 (31 December 2020: €53.94/m2) - Void periods between 0-15 months after the end of each lease (31 December 2020: 0-15 months after the end of each lease) - Rent free periods: 0-12 months for new leases (31 December 2020: 0-12 months for new leases)- Weighted average Equivalent Yield for investments assets (both yielding and IPuC) for country 4.35-6.77% (31 December 2020: 4.45-7.91%), weighted average for the Group 5.0% (2020: 5.3%) -Transaction costs 1% (31 December 2020: 1%) according to the most likely method of sale of the portfolio. - For IPuC costs to complete and developer's margins vary with each development project (due to size, specification, country, etc.) – assumptions based on actual progress of works and total construction costs forecasted (costs contracted with general contractor and other construction costs – compared by valuator with the market standard)

For additional information about fair value measurement see Note 2.3i.

Investment property movement table for the period ended 30 June 2021
In € thousand

	Germany	France	Czech Rep	Poland	Netherlands	Italy	Romania	Slovakia	Spain	Other*	Total
At 1 January 2021	**1,914,523**	**170,308**	**1,300,849**	**565,846**	**231,888**	**347,924**	**244,641**	**290,333**	**530,322**	**165,610**	**5,762,243**
Acquisition	-	21,207	5,219	-	-	-	-	-	8,372	-	**34,797**
Additions	4,446	393	1,021	1,415	392	(205)	564	490	114	135	**8,765**
Disposals	-	-	-	-	-	-	(4,953)	(310)	-	-	**(5,263)**
Transfer to investment properties under construction	-	-	-	-	-	-	-	-	-	-	**-**
Transfer from investment properties under construction	16,783	-	-	14,787	-	-	-	49,943	7,415	4,546	**87,474**
Change in assets held for sale	(2,457)	2,629	(11,302)	(162,523)	(4,082)	1,064	4,950	-	5,645	-	**(166,075)**
Valuation gains/(losses)	62,837	9,118	28,939	69,809	10,275	60,049	6,746	40,880	16,225	7,848	**312,726**
Translation difference	-	-	40,962	11,973	-	-	(2,917)	-	-	-	**50,018**
At 30 June 2021	**1,996,132**	**203,656**	**1,365,689**	**501,306**	**238,474**	**408,832**	**249,031**	**375,336**	**568,092**	**178,138**	**6,084,685**
Tenant lease incentives**	18,311	1,802	8,382	7,849	717	591	589	2,683	465	-	**41,474**
Total valuation of investment property	**2,014,443**	**205,458**	**1,374,071**	**509,155**	**239,191**	**409,423**	**249,620**	**378,019**	**568,557**	**178,138**	**6,126,159**

Investment property movement table for the year ended 31 December 2020
In € thousand

	Germany	France	Czech Rep	Poland	Netherlands	Italy	Romania	Slovakia	Spain	Other*	Total
At 1 January 2020	**394,251**	**209,275**	**1,275,194**	**409,654**	**140,732**	**192,989**	**250,714**	**204,371**	**502,101**	**34,005**	**3,613,286**
Acquisition	1,346,643	-	10,885	117,030	101,574	-	-	92,975	-	102,912	**1,772,019**
Additions	14,439	747	28,578	18,675	1,214	15,760	2,807	577	16,953	306	**100,056**
Disposals	-	-	-	(108,585)	-	-	(42)	(125)	-	(47,699)	**(156,451)**
Transfer to investment properties under construction	-	-	-	-	-	-	-	-	(16,511)	(244)	**(16,755)**
Transfer from investment properties under construction	133,047	-	56,650	38,209	-	135,232	221	6,874	35,286	71,677	**477,196**
Change in assets held for sale	(42,630)	(54,057)	(66,651)	71,314	(13,427)	(24,914)	(4,950)	-	(24,617)	5,368	**(154,564)**
Valuation gains/(losses)	68,773	14,343	38,262	68,310	1,795	28,858	565	(14,339)	17,110	(722)	**222,955**
Translation difference	-	-	(42,069)	(48,761)	-	-	(4,674)	-	-	6	**(95,498)**
At 31 December 2020	**1,914,523**	**170,308**	**1,300,849**	**565,846**	**231,888**	**347,924**	**244,641**	**290,333**	**530,322**	**165,610**	**5,762,243**
Tenant lease incentives**	19,087	2,010	8,647	6,987	630	608	(11)	2,309	472	48	**40,787**
Total valuation of investment property	**1,933,610**	**172,318**	**1,309,496**	**572,833**	**232,518**	**348,532**	**244,630**	**292,642**	**530,794**	**165,610**	**5,803,030**

* Other includes properties in Austria, Belgium, Serbia, Bulgaria and Urban segment in Germany (in 2020 properties in Serbia, Bulgaria and Urban segment in Germany)
**Included within other non-current assets and other current assets

5.2. Investment property under construction

In € thousand

	30 June 2021	31 December 2020
At 1 January	**148,939**	**356,800**
Acquisition	-	-
Additions	82,369	197,018
Transfer from investment property	-	16,755
Transfer to investment property	(87,474)	(477,196)
Change in assets held for sale	-	24,198
Valuation gains	15,204	32,082
Translation difference	(50)	(718)
At 30 June 2021 / 31 December 2020	**158,988**	**148,939**

Investment property under construction comprises assets currently under development, i.e. where a construction permit has been obtained.

As of 30 June 2021, the Group had 13 new assets under construction in Czech Republic, Germany, Poland, Spain, Italy and Romania (31 December 2020: 9 new assets under construction in Germany, Poland, Slovakia, Spain, and Romania).

Fair value measurement for investment properties under construction properties has been categorised as a Level 3 fair value based on the inputs to the valuation used. There was no movement among Levels 1, 2 and 3 during the period.

5.3. Investment property – right-of-use asset

Investment property - right-of-use asset comprise ground lease, which was primarily acquired in 2020.

5.4. Derivative financial instruments

In € thousand

Maturity of derivatives	Notional amounts 30 June 2021	Fair Value 30 June 2021	Notional amounts 31 December 2020	Fair Value 31 December 2020
Up to 1 year	-	-	-	-
1 to 5 years	538,545	2	541,309	8
Over 5 years	-	-	-	-
Total	**538,545**	**2**	**541,309**	**8**

The Group uses interest rate caps. All derivatives are carried at fair value through profit or loss.
Interest payments relating to bank loans and other loans are recorded under interest expense.

Interest rate of derivatives	30 June 2021	31 December 2020
0 - 2%	2	8
2 - 3%	-	-
Total	**2**	**8**

Fair value measurement for derivative financial instruments has been categorised as a level 2 fair value based on the inputs to the valuation used. There was no movement among Levels 1, 2 and 3 during the period. The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect transactions in similar instruments.

5.5. Other Non-Current Assets

In € thousand

	30 June 2021	31 December 2020
Accrued income (1)	37,008	37,416
Capitalized costs on new acquisitions (2)	19,186	20,110
Prepaid expense	619	728
Other (3)	5,915	5,285
Total	**62,728**	**63,539**

(1) Accrued income represents the rent-free incentives the Group has granted to tenants.

(2) Capitalized costs on new acquisitions/development represents transaction costs incurred as of the balance sheet date for future projects. The amount capitalized is transferred to investment property upon completion of the acquisition or start of the development.

(3) Other non-current assets represent primarily long-term deposits.

5.6. Trade Receivables

In € thousand

30 June 2021	Receivables	Loss allowance	Current amount
Not yet due	18,097	-	18,097
< 30 days past due	2,480	-	2,480
30 - 60 days past due	311	-	311
60 - 90 days past due	616	-	616
90 - 180 days past due	339	(65)	274
.80 - 360 days past due **	167	(205)	(38)
> 360 days past due	4,410	(3,816)	594
Total	**26,420**	**(4,086)**	**22,334**

In € thousand

31 December 2020	Receivables	Loss allowance	Current amount
Not yet due	14,744	-	14,745
< 30 days past due	7,708	-	7,708
30 - 60 days past due	805	-	805
60 - 90 days past due	183	-	183
90 - 180 days past due	744	(113)	631
180 - 360 days past due *	5,149	(25)	5,124
> 360 days past due **	2,254	(2,399)	(145)
Total	**31,587**	**(2,537)**	**29,051**

*The amount is primarily related to ASTI works for a tenant in Slovakia (€3.9 million) where the settlement was agreed to be postponed due to delay with occupancy permit.
** Negative carrying amount is due to the credit notes included in the gross receivables.

5.7. Tax receivable

In € thousand

	30 June 2021	31 December 2020
Value added tax („VAT“) and other tax receivable (includes WHT) (1)	61,212	68,703
Income tax receivable	4,490	797
Total	**65,701**	**70,920**

(1) VAT receivable relates primarily to construction invoices on development projects.

5.8. Other Current Assets

In € thousand

	30 June 2021	31 December 2020
Accrued income (1)	9,447	5,948
Prepaid expense (2)	7,106	5,809
Other (3)	10,968	11,273
Total	**27,521**	**23,030**

(1) Accrued income includes the short-term element of rent-free incentives granted to tenants, as well as accrued amounts from the year-end service charge reconciliation.
(2) Prepaid expenses primarily relate to insurance and property taxes paid in advance.
(3) The item "Other" is represented primarily by short-term receivables related to land acquisitions.

5.9. Equity

Other capital funds
In 2021 changes in 'Other capital funds" are made up of allocation of profits of the previous year of €700 thousand.

Non-controlling interest
On 13 December 2017, one of the entities belonging to the Group - P3 Spain Logistic Parks SOCIMI, S.A.U. ("Spain SOCIMI") – was listed on a public stock exchange in Spain. The entity owned 13 subsidiaries in Spain, all of them fully consolidated within the Group. As part of the listing procedure, the Group sold 6.6232 % of its shares in Spain SOCIMI to 25 external investors for €1,403 thousand. The corresponding non-controlling interest in the consolidated equity of Spain SOCIMI was recognised in the Group consolidated financial statements as of 31 December 2017 in the amount of €3,287 thousand.

Together with the shares, the external investors were granted an option which represented their right to sell these shares back to the Group on 28 February 2021. During 2021, most of the options were extended and may be exercised from 1.4.2024 to 30.4.2024 with the selling price to be calculated in accordance with the amended options.

The possible selling price will be calculated based on the value of consolidated equity of Spain SOCIMI as of future date. The option should have been recognised as a long-term financial liability in the Group consolidated financial statements as of 31 December 2020. Given the total proceedings expected to be paid out for the sale of shares including the option (€2,618 thousand) and the expected selling price calculation, the Group considers the related liability would not be material, and therefore decided not to recognise it in its consolidated financial statements as of 31 December 2020 and rather to disclose it in Note 5.23 Contingent assets and liabilities. The same approach and conclusion were taken for the condensed consolidated interim financial statements as of 30 June 2021.

5.10. Borrowings

In € thousand

Borrowings	30 June 2021	31 December 2020
Long-Term Borrowings	**3,687,604**	**4,627,671**
Bank borrowings	2,400,000	3,000,000
Deferred financial costs	459	(87)
Loans from related parties*	1,287,145	1,627,758
Short-Term Borrowings	**1,000,000**	**-**
Bank borrowings	1,000,000	-
Deferred financial costs	-	-
Total	**4,687,604**	**4,627,671**

* Long term loans from related parties are included in category "over 5 years" in maturity overview below.

Borrowings are provided through a combination of borrowing provided by banks and financing provided by related parties. Loans from related parties are predominantly in the form of interest-bearing loans provided by the parent entity. The table below outlines the maturity profile of the Group's borrowings:

In € thousand

Borrowings by maturity (excluding Deferred financial costs)	30 June 2021	31 December 2020
Up to 1 year	1,000,000	-
1 to 5 years	2,400,000	3,000,000
Over 5 years	1,287,145	1,627,758
Total	**4,687,145**	**4,627,758**

During 6 months in 2021, the Group drew down a short-term bank debt of €400.0 million and used the full amount to repay some shareholder loans, in June the maturity of this short-term bank loan was extended till May 2022. The other portion of the existing bank facility of €600.0 million is due in May 2022 and thus both these balances are presented as short term.

During 6 months in 2020, a bank borrowing of €600,000 thousand, which was due in May 2020 was refinanced by a new bank debt due in 2023. In addition, the management drew down additional €950,000 thousand under the existing bank facilities and €300,000 thousand under the shareholder agreement. Amount of €300,000 from the total drawn down bank borrowings, was used for repayment of the shareholder loan.

All bank borrowings are denominated in Euro.

The following table outlines the interest rate profile of the Group's borrowings:

In € thousand

Borrowings by interest rate	30 June 2021	31 December 2020
TOTAL floating rate* - reference rate + 0.35% to 0.75%	**3,400,000**	**3,000,000**
TOTAL blended rate for shareholder's loan** – 2,71% to 3.72%+ margin on profit	**1,287,145**	**1,627,758**
Total	**4,687,145**	**4,627,758**

* Portion of loans with variable interest are hedged against interest rate risk.
** A portion of the Group's borrowings from its shareholder are covered by a total return swap.

The average interest rate for bank borrowings was 0.54% (2020: 0.60%). Bank borrowings are fully secured by parental guarantee provided by Europe Realty Holdings Pte Ltd (parent company of the shareholder of the Group).

Covenants

The current bank financing of the Group does not contain any financial quantitative covenants.

5.11. Long-term payables

As at 30 June 2021, the Group had 'Long-term payables' of €107,403 thousand (31 December 2020: €114,898 thousand) which represent primarily lease liability of €99,245 thousand (31 December 2020: €97,004 thousand) recognised from application of IFRS 16 and amounts received from tenants as security for their rental obligations and retentions from development projects.

5.12. Tax Liabilities

In € thousand

	30 June 2021	31 December 2020
VAT	28,592	18,198
Income tax payable	13,031	5,393
Other tax payable (1)	66,610	68,102
Total	**108,233**	**91,693**

(1) Other tax payable is primarily made up by outstanding real estate transfer tax resulting from new acquisitions in Germany completed in 2020.

5.13. Assets held for sale and Liabilities directly associated with assets held for sale

In 2020, the Group initiated sale of 16 assets in 7 countries (Germany, Czech Republic, Spain, Poland, Italy, France and Netherland), which was completed in July 2021, therefore they are presented as assets and liabilities held for sale as at 30 June 2021.

In addition, during 6 months in 2021, the Group is in preparation for a sale of one property park in Poland and has completed disposal of 1 asset in Germany.

The assets and liabilities related to the disposed portfolio were stated at the lower of their carrying amount and fair value less costs to sell. The carrying amount of investment property classified as held for sale was measured in accordance with IAS 40. These assets and liabilities comprised the following:

Assets held for sale
In € thousand

	30 June 2021	31 December 2020
Investment property	418,013	251,938
Investment property under construction	-	-
Other non-current assets	1,204	1,073
Right-of-use assets	10,811	11,061
Deferred tax asset	1,541	422
Trade receivables	1,872	1,688
Tax receivables	203	160
Prepayments	233	228
Other current assets	1,132	273
Total	**435,009**	**266,843**

Liabilities directly associated with assets held for sale
In € thousand

	30 June 2021	31 December 2020
Deferred rental income	1,225	902
Tenant deposits	1,870	651
Deferred tax liability	33,635	20,008
Trade payables	1,326	460
Accruals	728	631
Tax liabilities	(167)	901
Other long-term liabilities (1)	22,853	12,216
Total	**61,470**	**35,769**

(1) Other long-term liabilities include Lease liability of €10,870 thousand in 2021.

5.14. Contingent assets and liabilities

In December 2017, the Group granted an option to external investors of one of the Group's subsidiaries relating to the sale of shares described in Note 5.9. The option represents a right to sell back the shares to the Group on 30 April 2024. The future liability arising from this option was not recognised in the consolidated financial statements as at 30 June 2021 (and as at 31 December 2020) for the reasons described in Note 5.9.

6. RELATED PARTIES

In accordance with IAS 24, related parties include:

- The Managers of the Group and subsidiary companies
- All companies controlled by the Company
- The Parent entity (Euro Vitus Private Limited)

Balances and transactions within the Group have been eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related parties are disclosed below.

As of 30 June 2021, the Group has loans from Euro Vitus Private Limited, with an outstanding balance of €1,063,037 thousand (2020: €1,441,023 thousand) (see Note 5.10), of which €81,594 thousand (2020: €59,579 thousand) is accrued yield. These shareholder loans are in the form of interest-bearing loans and loans covered by total return swap. Shareholder loans bear yield which consists of fixed and variable yield determined by the Total Return Swaps Agreement.

Further, as of 30 June 2021, the Group accounted for guarantee fee for the 6 months provided by related party Europe Realty Holdings Pte Ltd (for providing parental guarantee over the bank borrowings of the Group) in the amount of €37,373 thousand (2020: €27,998 thousand). The total amount of guarantee fee outstanding of €224,108 thousand (2020: €186,735 thousand) is presented under loans from related parties in Note 5.10.

The maturity of the loans from related parties is contractually tied to the repayments of the underlying loans provided to the companies within the Group. The timing of the repayment of these underlying loans is controlled by the Group. The shareholder has confirmed there is no intention to redeem any of the loans within 12 months from the date of these consolidated financial statements.

Transactions with key management personnel

Any remuneration to the key management is provided and accounted for as standard compensation costs.
The compensation of key management is included as part of the Employee Expenses disclosed in Note 4.3.

In addition to the above transactions with key management personnel, a few employees within the Group hold shares in one of the Group's entities (P3 Spain Logistic Parks SOCIMI, S.A.U.). Total number of shares held by the employees is 0.9347% out of the total external shareholding of 6.507%. More details on this transaction can be found in Note 5.9.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

7.1. Overview

The Group attaches significant importance to the active management of risks. The Group has an integrated approach to risk management through which the major risks facing the Group are identified, evaluated and weighed against all mitigating factors. The Management Team (the senior managers of the Group) are responsible for overseeing the Group's risk management activities and regularly review the status of all identified risks, together with actions to reduce or eliminate these risks.

The primary business activity of the Group is the construction and acquisition of real estate, and the creation of value through active asset management. To finance new acquisitions of real estate, new borrowings are taken out in Euros floating rate term loan facilities and/or through funding from the shareholder.

Business risks are those risks which are inherent to the business strategy and that may arise from core business activities. The primary risks impacting the Group and the approach to managing them are set out below.

Principal financial instruments
The principal instruments used by the Group, from which risks arise, are as follows:

- Trade receivables;
- Tax receivables;
- Restricted cash (non-current and current);
- Cash and cash equivalents;
- Borrowings (long term and short term);
- Derivatives (interest rate caps);
- Trade and other payables (non-current and current).

7.2. Real Estate Market risk

The management of real estate market risk is one of the core competencies of the Group. Essentially, these risks comprise two specific categories – real estate market cycle risk and rental market risk. Real estate market cycle risks are related to fluctuations inherent to the overall commercial real estate market and the related impact on the valuations of the Group's investment portfolio. These risks are partially mitigated by the Group's strategy of geographical diversification. Risks in connection with a change in discount rates as well as market rents are risks that affect the entire property market.

7.3 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. To manage its interest rate risk, the Group may enter interest rate caps to secure certain level of interest paid, calculated by reference to an agreed-upon notional principal amount.

7.4 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions and derivatives.

Trade receivables
Credit risk is principally managed by requiring tenants to pay a deposit or provide a guarantee prior to occupying a property, and on an ongoing basis by paying rent in advance. Tenants are assessed according to their credit worthiness prior to entering into a lease agreement, and local asset managers monitor tenant receivables status constantly. Where necessary, a value adjustment may be applied to overdue tenant receivables in accordance with internal guidelines, and an impairment charge made where there is a high probability that part or all of the receivables will not be collected.

Cash and cash equivalents
Credit risk arising as part of the investment of cash and cash equivalents and restricted cash is managed by the fact that the Group only works with banking partners with strong credit ratings, which are rated A1 to Baa1 according to Moody's ratings.

The Group applies the IFRS 9 general approach to measuring expected credit losses ('ECLs') to cash balances which requires recognition of ECLs based on stages of credit risk. Based on the risk assessment performed by the Group, no significant increase of credit risk has occurred since initial recognition. Therefore, a 12-months expected loss allowance for all cash balances held in banks was applied and no impairment losses were identified.

Derivatives
The derivates are entered into with financial institutions, which have stable high rating (A1) according to Moody's ratings.

The Group maximum exposure to credit risk, by class of financial instrument, is shown below:

In € thousand

	Carrying amount				Maximum exposure	
	Fair value - hedging instruments		Financial assets at amortized costs			
30 June/31 December	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Financial assets measured at fair value						
Derivatives	2	8	-	-	2	8
Financial assets not measured at fair value						
Trade receivables	-	-	22,334	29,051	22,334	29,051
Other current assets	-	-	27,521	23,030	27,521	23,030
Prepayments	-	-	10,711	10,307	10,711	10,307
Tax receivables	-	-	65,701	70,920	65,701	70,920
Restricted cash	-	-	2,378	3,567	2,378	3,567
Cash and cash equivalents	-	-	160,942	151,979	160,942	151,979

7.5 Liquidity risk

The Group monitors cash balances in all Group companies on both the local and Group levels to ensure all Group companies have sufficient liquidity for day-to-day operations and to meet all liabilities as and when they fall due. The Corporate Finance team is responsible for managing Group treasury requirements including ensuring sufficient liquidity is available for future acquisitions, development projects, debt service and other ad hoc cash requirements. The Group also has access to additional funding for new development projects.

7.6 Fair values of Financial Instruments

The fair values of financial assets and liabilities are an estimate of the amount at which an instrument could be exchanged in a current arm's length transaction, between knowledgeable and willing parties. Fair values are obtained, as appropriate, from quoted market prices, discounted cash flow projections and other valuations models.

The following methods and assumptions are used to estimate fair values of financial instruments:

- Cash, cash equivalents, short term deposits, trade receivables, trade payables, other current assets and other current liabilities: the carrying value of these assets and liabilities is the same as the fair value due to the short-term maturity of these instruments;

- Derivatives: the fair value of derivative instruments is determined using observable market inputs based on valuations provided by brokers and as such the Group had included derivatives in Level 2 of fair value hierarchy; and
- Borrowings: the carrying amount of variable rate bank borrowings corresponds with their fair market value as these are settled on an arm's length basis and interest rates are set with reference to market rates.

The table below shows a comparison by class of the carrying amounts and fair value of the financial instruments in the Group's consolidated statement of financial position:

In € thousand

	Carrying amount				Fair value
	Fair value - hedging instruments	**Financial assets at amortized costs**	**Other financial liabilities**	**Total**	
30 June 2021					
Financial assets measured at fair value					
Derivatives	2	-	-	2	2
Financial assets not measured at fair value					
Rent and other receivables	-	188,995	-	188,995	188,995
Cash and short-term deposits	-	163,320	-	163,320	163,320
Financial liabilities measured at fair value					
Derivatives	-	-	-	-	-
Financial liabilities not measured at fair value					
Interest-bearing loans and borrowings	-	-	4,687,604	4,687,604	4,687,604
Deposits from tenants	-	-	6,474	6,474	6,474
Trade and other payables	-	-	453,616	453,616	453,616

In € thousand

	Carrying amount				Fair value
	Fair value - hedging instruments	Financial assets at amortized costs	Other financial liabilities	Total	
31 December 2020					
Financial assets measured at fair value					
Derivatives	8	-	-	8	8
Financial assets not measured at fair value					
Rent and other receivables	-	196,848	-	196,848	196,848
Cash and short-term deposits	-	155,546	-	155,546	155,546
Financial liabilities measured at fair value					
Derivatives	-	-	-	-	-
Financial liabilities not measured at fair value					
Interest-bearing loans and borrowings	-	-	4,627,671	4,627,671	4,627,671
Deposits from tenants	-	-	4,520	4,520	4,520
Trade and other payables	-	-	333,527	333,527	333,527

7.7 Foreign currency risk

Approximately 60% of the Group’s Investment property portfolio and operations are in the Eurozone, 23% in the Czech Republic, 12% in Poland and 5% in Romania. The Group’s exposure to foreign currency risk is primarily limited to translation risk as all borrowings are denominated in Euros and cash flows from rental contracts are agreed in Euros (but may be payable in local currency). There is equity translation exposure as balance sheets of all entities are maintained in local currency therefore movements in exchange rates can result in translation adjustments.

The Group does not use derivative financial instruments to hedge against foreign currency risk.

8. SUBSEQUENT EVENTS

Disposal of assets

In 2020, the Group initiated a disposal process for a pan-European portfolio of 16 assets. On 18 May 2021, the Group has signed sale and purchase agreements with a buyer for an aggregate property value of €255.6 million, which was completed end of July 2021.

In August 2021, sale of one property in Germany was signed

Acquisitions

In July 2021, the Group acquired new entity owning the land in Italy.

9. GROUP STRUCTURE

The following table outlines changes in the Group structure for the 6 months period ended as of 30 June 2021

Name of company	Note	Function (code)	Participation %	Functional Currency	Country
P3 Plzeň Myslinka a.s.	Incorporated in 2021	AC	100%	CZK	Czech Republic
P3 Logistic Parks B.V.	incorporated in 2021	AC	100%	EUR	Netherlands
P3 SPV II S.á.r.l.	incorporated in 2021	AC	100%	EUR	Germany
P3 SPV III S.á.r.l.	incorporated in 2021	AC	100%	EUR	Germany
P3 San Salvo S.r.l.	incorporated in 2021	AC	100%	EUR	Italy
P3 Rouen S.á r.l.	incorporated in 2021	AC	100%	EUR	France
P3 Illescas SUR, S.L.U.	incorporated in 2021	AC	100%	EUR	Spain

Legend:
HC = Holding company
AC = Asset company
IC = Infrastructure company
MC = Management Company