



P3 Group S.à r.l

Consolidated Financial Statements

For the year ended 31st December 2021

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BOARD OF MANAGERS' REPORT

- For the period 1 January 2021 to 31 December 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. Activities and review of investment and development

The Company was incorporated on 27 August 2013. Throughout the years, the Group has expanded across different European countries and now operates in Germany, Czechia, Poland, Spain, Italy, France, Slovakia, Romania, Netherlands, Austria, Belgium, Serbia and Luxembourg.

In 2021, the Group completed acquisition of an entity owning land in the Czech Republic, a portfolio of 5 entities in Spain and 1 entity in Germany; purchased properties in the Netherlands and France, and land in Italy, France and Spain.

In terms of disposition, the Group initiated in 2020 a disposal process for a pan-European portfolio of 16 assets. In May 2021, the Group signed sale and purchase agreements with a buyer for an aggregate property value of €255.6 million. The transaction was successfully completed at the end of July 2021. Furthermore, in 2021 the Group sold 1 property in Germany and land in Romania.

II. Financing activities

The Group has funded its activities through a combination of equity and shareholder loans provided by its shareholder and bank loans guaranteed by the shareholder.

In March 2021, the management drew down a short-term bank loan of €400.0 million to repay the shareholder loan that was provided to fund one of the acquisitions made in 2020. In June 2021, the maturity of this short-term bank loan was extended until May 2022.

During 2021, the management reviewed and revised the current shareholder loans structure. As a result, a total of €367.7 million of shareholder loans was converted to equity in September 2021 and an additional amount of €22.7 million was converted in December 2021. In December 2021, the Group drew down an additional €35.0 million of shareholder loan to finance growth.

In September 2021, the board gave approval on establishing a capital market-facing funding platform to access the unsecured public bond markets to refinance debt maturities and fund further growth of the portfolio. Going forward, the financing will not rely on guarantees by the shareholder, but instead on an investment grade credit rating. To achieve this objective, several financing related projects were initiated:

- A credit rating process was executed and in November 2021 Standard & Poor’s assigned a BBB credit rating to the Group, with stable outlook. The rating outcome was published later in January 2022.
- A syndicated unsecured committed €750.0 million Revolving Credit Facility was concluded in December 2021 and fully undrawn as of 31 December 2021. The loan margin is linked to the credit rating and is with the current rating at 0.75%. The tenor is 5 years with extension options at the lenders’ discretion.

The facility ensures substantial and flexible liquidity for the Group, and funds can be drawn within very short notice.

- A Green Finance Framework was finalized in December and published together with a Second Party Opinion in January 2022. Under this framework the Group can issue green bonds or loans to refinance existing eligible green assets or to finance new green investments.
- A €5.0 billion Euro Medium Term Note (“EMTN”) bond program was put in place and approved by Luxembourg Stock Exchange in January 2022.

On 19 January 2022, the Group made its bond market debut with a successful €1.0 billion Green Bonds issuance. The Group issued two €500.0 million senior unsecured tranches across 4 and 7-year tenors, carrying a fixed coupon of 0.875% and 1.625% respectively. The bonds are rated BBB by S&P and are traded on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange.

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

III. Financial results

In 2021, the Group’s net rental income increased by €66.2 million to €307.1 million mainly due to growth in its property portfolio. The operating profit was €1,116.2 million and profit before tax was €948.7 million. The result is primarily driven by an increase in the market value of investment properties and development land of €855.2 million, offset by financial costs of €170.7 million.

IV. Property portfolio

As of 31 December 2021, the Group had 287 yielding assets and development land of 3.1 million sqm and an additional 11 assets under construction, all together valued at €7,505.5 million (including asset held for sale as per Note 5.22). The Group’s yielding assets are diversified across 11 European countries comprising 6.5 million sqm lettable space with a further 559.1 thousand sqm under construction.

In 2021, the Group completed 14 development projects adding an additional 258.3 thousand sqm to the portfolio and purchased additional 665.2 thousand sqm of land with 336 thousand sqm GLA potential in 7 different countries.

From the investment side, in 2021 the completed 8 asset acquisitions added 263.3 thousand sqm to the portfolio. On the other hand, the Group disposed 388 thousand sqm of assets in 17 locations.

V. Research and development

The Group was not active in research and development.

VI. Purchase of own shares

The Group 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 properties and acquiring new assets in strategically relevant countries in Europe, and by implementing the new financing strategy.

VIII. Risk management

The Group recognises that its ability to effectively manage risk remains a crucial component of success. Our approach to risk management is two-fold: firstly, we assess, manage and, when possible, mitigate identified risks. Secondly, we carefully consider our appetite for controllable risks and, within the decision-making process, we balance uncertainty and opportunity against the need to create and protect our shareholder's and other stakeholders' value both in the short and long-term.

Management of real estate market risks is one of the core competencies of the Group. Equally essential is the management of key financial risks. The Group's management of these risks is described in Note 8.

IX. Subsequent events

Financing activities

On 17 January 2022, the Group published its BBB credit rating from S&P, its €5 billion EMTN programme and its Green Financing Framework. On 19 January 2022, the Group placed two €500 million Green senior unsecured bonds across 4 and 7-year tenors, carrying a fixed coupon of 0.875% and 1.625% respectively. The notes are rated BBB by S&P and are traded on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange. The Group used the proceeds from bonds for settlement of bank loans of €900 million.

The Group drew down €50 million from Revolving Credit Facility in March 2021 to finance development projects.

Acquisitions and Disposals of assets

In March 2022, the Group signed a conditional purchase agreement with a potential buyer on sale of 2 properties in Belgium. The Group expects to complete the transaction in the coming months.

Change in Management Board

In February 2022, the Management named Thilo Kusch its Chief Financial Officer.

In March 2022, Denise Grant resigned as a Board member of P3 Group S.à.r.l. and Ms. Chih Lin Du was appointed with effect from 19.2.2022.

Conflict in Ukraine

Based on assessment of risks associated with the current situation in Ukraine, the Group did not identify any risks, which could materially impact our performance. As at the date of publication of these consolidated financial statements, the management found minimal direct disruption although future indirect repercussions of economic sanctions and geopolitical instability are yet to be fully understood. The Group has no assets or operations in currently affected countries and is not aware about any material impact affecting our business with tenants. With respect to early stage of the overall situation, the Management will continue to monitor potential adverse impact and take appropriate mitigation measures.

Luxembourg, 31 March 2022

Mr. Frank Pörschke

Management Board member

Mr. Goh Kok Huat

Management Board member

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
P3 Group S.à.r.l.
13-15, avenue de la Liberté
L-1930 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of P3 Group S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 20201, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 20201 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated report including the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and Those Charged with Governance for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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 consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of the Board of Managers' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 31 March 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

Bobbi Jean Breboneria

Partner

P3 Group S.à.r.l.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended

In € thousand	Note	31 December 2021	31 December 2020
Rental income		318,513	249,102
Service charges		45,668	37,965
Gross rental revenue	4.1	364,181	287,067
Property operating expenses	4.2	(57,100)	(46,185)
Net rental income		307,081	240,882
Net gains from fair value adjustments on investment property	4.4	855,230	255,037
Disposal of investment property	4.5	6,554	5,027
Other expense, net	4.6	(904)	(10,229)
Administrative expenses	4.3	(45,656)	(55,581)
Depreciation		(6,152)	(2,623)
Operating profit		1,116,153	432,513
Financial income	4.7	3,301	48
Shareholder financing costs	4.8	(148,512)	(99,147)
External and other financial costs	4.8	(22,215)	(72,227)
Profit/(Loss) before tax		948,727	261,187
Current income tax expense	4.9	(21,109)	(16,439)
Deferred income tax expense	4.9	(146,726)	(58,900)
Profit/(Loss) for the year		780,892	185,848
Other comprehensive income which will be subsequently reclassified to profit or loss:			
Hedge accounting	5.14	29,353	-
Foreign currency translation adjustment		33,904	(33,822)
Related tax	5.14	(4,209)	-
Total comprehensive income for the year		839,940	152,026
Profit/(Loss) attributable to:			
Non-controlling interests		1,037	152
Owners of the Group		779,855	185,696
Profit/(Loss) for the year		780,892	185,848
Other comprehensive income attributable to:			
Non-controlling interests		-	-
Owners of the Group		59,048	(33,822)
Other comprehensive income for the year		59,048	(33,822)

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

The consolidated financial statements were approved by the Board of Managers on the 31 March 2022 and were signed on their behalf by:

Mr. Frank Pörschke

Management Board member

Mr. Goh Kok Huat

Management Board member

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

In € thousand	Note	31 December 2021	31 December 2020
Assets			
Investment property	5.1	6,816,288	5,762,243
Investment property under construction	5.2	462,510	148,939
Investment property - right-of-use asset	5.3, 6.1	96,290	94,728
Property, plant and equipment	5.4	2,132	2,225
Right-of-use assets	6.1	5,017	5,779
Intangible assets	5.5	5,575	46
Derivative financial instruments	5.7	-	8
Deferred tax assets	5.6	13,384	20,161
Non-current restricted cash	5.13	2,297	3,567
Other non-current assets	5.8	82,821	63,539
Total non-current assets		7,486,314	6,101,235
Trade receivables	5.9	24,787	29,051
Tax receivables	5.12	87,949	70,920
Other current assets	5.10	33,235	23,030
Prepayments	5.11	7,378	10,307
Derivative financial instruments	5.7	3	-
Cash and cash equivalents	5.13	78,144	151,979
		231,496	285,287
Assets held for sale	5.22	186,138	266,843
Total current assets		417,634	552,130
TOTAL ASSETS		7,903,948	6,653,365
Equity			
Issued share capital	5.14	365	365
Share premium	5.14	3,816	3,816
Other capital funds	5.14	712,767	324,506
Other reserve	5.14	25,144	-
Retained earnings	5.14	1,822,482	1,039,245
Translation reserve	5.14	17,174	(16,731)
Equity attributable to owners of the Company		2,581,748	1,351,201
Non-controlling interest (NCI)	5.14	(762)	5,807
Total equity		2,580,986	1,357,008
Liabilities			
Shareholder borrowings	5.15	1,020,827	1,627,758
External long-term borrowings	5.15	2,446,041	2,999,913
Deferred tax liabilities	5.6	489,319	330,641
Long-term payables	5.16	126,751	114,898
Total non-current liabilities		4,082,938	5,073,210
External short-term borrowings	5.15	1,000,240	-
Trade payables	5.17	42,881	22,395
Accruals	5.18	55,083	40,946
Deferred income	5.19	21,815	20,339
Tax liabilities	5.20	84,558	91,693
Other payables	5.21	35,447	12,005
		1,240,024	187,378
Liabilities directly associated with assets held for sale	5.22	-	35,769
Total current liabilities		1,240,024	223,147
TOTAL EQUITY AND LIABILITIES		7,903,948	6,653,365

The accompanying Notes form an integral part of these consolidated financial statements.
The consolidated financial statements were approved by the Board of Managers on the 31 March 2022 and were signed on their behalf by:

Mr. Frank Pörschke

Management Board member

Mr. Goh Kok Huat

Management Board member

P3 Group S.à.r.l.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € thousand	Note	Issued share capital	Share premium	Other capital funds	Other reserve	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
<i>Transaction with owners in their capacity as owners</i>									
Contribution to other capital funds	5.14	-	-	390,442	-	-	-	-	390,442
Allocation to reserve fund		-	-	(763)	-	763	-	-	-
Total balance after contributions		365	3,816	714,185	-	1,040,008	(16,731)	5,807	1,747,451
Profit for the period		-	-	-	-	779,855	-	1,037	780,892
Reclassification and corrections	5.14	-	-	(1,418)	-	1,427	-	-	9
Minority interest	5.14	-	-	-	-	1,192	-	(7,606)	(6,414)
Other comprehensive income		-	-	-	25,144	-	33,904	-	59,048
Balance at 31 December 2021		365	3,816	712,767	25,144	1,822,482	17,174	(762)	2,580,986

€ thousand	Note	Issued share capital	Share premium	Other capital funds	Other reserve	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
<i>Transaction with owners in their capacity as owners</i>									
Contribution to other capital funds	5.14	-	-	29,390	-	-	-	-	29,390
Allocation to reserve fund		-	-	1,629	-	(1,629)	-	-	-
Total balance after contributions		365	3,816	324,486	-	853,809	17,092	5,403	1,204,971
Profit for the period		-	-	-	-	185,696	-	152	185,848
Reclassification and corrections	5.14	-	-	19	-	(19)	-	-	-
Minority interest	5.14	-	-	-	-	(241)	-	252	11
Other comprehensive income		-	-	-	-	-	(33,822)	-	(33,822)
Balance at 31 December 2020		365	3,816	324,506	-	1,039,245	(16,731)	5,807	1,357,008

P3 Group S.à.r.l.**CONSOLIDATED CASH FLOW STATEMENT***For the year ended*

In € thousand	Note	31 December 2021	31 December 2020
Cash flows from operating activities			
Profit before taxation		948,727	261,187
Adjustment for:			
Depreciation and amortisation		6,152	2,623
Valuation net gains on investment property	4.4	(855,230)	(255,037)
Valuation net gains on derivatives	4.8	5	14
Shareholder financing costs	4.8	148,512	99,147
External and other financial cost	4.8	22,210	18,277
Interest and other financial income	4.7	(344)	(48)
(Profit) / loss on disposal of PPE / subsidiaries	4.5	(6,554)	(5,027)
Other non-cash items		(25,547)	(27,347)
Foreign exchange differences		(14,325)	58,025
Operating cash flows before working capital changes		223,606	151,814
Decrease / (increase) in trade and other receivables		(11,314)	(17,230)
Decrease / (increase) in prepayments		(829)	900
Increase in trade and other payables		17,331	12,141
(Decrease) / increase in accrued expenditure		(5,991)	8,970
Cash generated from operations		222,803	156,595
Interest paid		(19,647)	(17,439)
Taxes paid		(15,271)	(11,281)
Net cash generated from / (used in) operating activities		187,885	127,875
Cash flows from investing activities			
Acquisition of investment property and subsequent expenditure		(560,709)	(1,993,387)
Acquisition of tangible, intangible fixed assets and leased assets		(301)	(371)
Decrease / (increase) in restricted cash	5.13	1,270	(1,046)
Proceeds from disposal of shares	5.14	-	-
Proceeds from disposal of Investment Property	4.5	263,020	161,790
Net cash used in investing activities		(296,720)	(1,833,014)
Cash flow from financing activities			
Proceeds from shareholder borrowings	5.15	35,000	1,105,000
Repayment of shareholder borrowings	5.15	(400,000)	(300,000)
Proceeds from external borrowings	5.15	400,000	1,550,000
Repayment of external borrowings	5.15	-	(600,000)
Dividend payments		-	-
Payment of transaction costs related to borrowings	4.7	-	-
Increase/(decrease) in other capital funds	5.14	-	-
Net cash generated from financing activities		35,000	1,755,000
Net decrease in cash and cash equivalents		(73,835)	49,861
Foreign exchange differences		-	19
Cash and cash equivalents at the beginning of the year		151,979	102,099
Cash and cash equivalents at the end of the year	5.13	78,144	151,979

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

NOTES TO THE CONSOLIDATED 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 31 December 2021:

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

as at 31 December 2020:

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

In April 2021, Frank Pörschke was appointed as a new member of the Management Board. At the same time Timothy Beaudin resigned and Jose Rodriguez Lopez was recalled from the Board.

Employees

The Group had 210 full-time equivalent employees as at 31 December 2021 (31 December 2020 – 183 full-time equivalent employees). All the employees were engaged in the core business activities of the Group.

Financial year

The Group uses fiscal year as financial year from 1 January until 31 December.

Consolidation Group

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation of consolidated financial statements

a) **Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated financial statements set out the Group’s financial position as of 31 December 2021 and results of operations and cash flows for the year ended 31 December 2021.

The consolidated financial statements were authorized for issue by the Board of Managers on 31 March 2022.

b) **Basis of measurement**

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

Cash flow projections

The Group reported negative net working capital of €1,008.5 million as of 31 December 2021, which is mainly caused by a portion of a long-term loan being due within 12 months, hence becoming a short-term loan. The Group has obtained a new revolving credit facility and established a capital market-facing funding platform and in January 2022 issued its first €1,000 million tranches of bonds, which have brought sufficient resources to settle this short-term bank borrowing and ensures substantial and flexible liquidity for future growth.

Availability of related party funding

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

Availability of bank funding

The Group’s committed €750 million revolving credit facility (maturing December 2026) provides substantial and flexible liquidity for the Group, and funds can be drawn within very short notice. The full facility of €750 million was undrawn at the end of 2021.

Cash flow projections show that the Group has sufficient headroom and liquidity to meet all payment obligations related to development projects, operations and loan interest payments.

COVID-19

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. During 2021, the Group did not identify any further impact arising from the COVID-19. The Group continues to monitor potential adverse impact and takes appropriate mitigation measures.

Conclusion

Management remain confident that the consolidated financial statements should continue to be prepared on a going concern basis for the reasons set out above.

d) Presentation currency

These consolidated 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

The preparation of consolidated financial statements in conformity with IFRS as adopted by the European Union requires the use of estimates, and the exercise of professional judgement by management. These estimates and judgements influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses reported. Actual realisable values may diverge from assumptions and estimates that have been used. If they subsequently deviate from actual circumstances, the initial estimates and assumptions are revised to reflect such changes in circumstances during the financial period in which these changes occur.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Property lease classification (the Group as a lessor)

The Group has entered into property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease terms not constituting a major part of the economic life of the properties and the present value of the minimum lease payments not amounting to substantially all of the fair value of the properties, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determining the timing of revenue recognition on the sale of property

The Group has also evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract. The Group has concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

New acquisitions

The Group determines the acquisitions in accordance with the definition of IFRS 3 – Business combination or asset acquisition under IAS 40. The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities

acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of Investment property and Investment property under construction

The fair value of Investment property and Investment property under construction is determined by real estate valuation experts using the hardcore/capitalisation method. The Company's management uses certain assumptions regarding rates of return on the Group's assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could affect its fair value.

Current income taxes

The Group is subject to taxation in 14 countries within Europe. The determination of the provision for income taxes in these various jurisdictions requires judgement by management, as the ultimate determination of taxes for many transactions and calculations has not yet been finalised with the relevant tax authorities set at the date of these consolidated financial statements.

Deferred income taxes

Assumptions are required to calculate deferred tax assets from tax losses carried forward. These losses are only recognised when the use of the losses in the future is probable. The determination as to whether such losses can be offset in the future is based on estimates of future cash flows deriving from the property, together with estimates by management on the likelihood of utilisation against taxable profits in future periods. Based upon these factors, a probability is assigned to each potential asset and subsequently assessed.

Valuation of derivatives

Financial derivatives are recognised at fair value.

Impairment of financial assets measured at amortised cost

When measuring expected credit loss (ECL) the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other as described in Note 2.2. c)vi.

Property leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The fair value is determined by the estimated selling price of the assets less estimated costs to sell.

f) Application of new and revised International Financial Reporting Standards IFRS

For the preparation of these consolidated financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2021 (the list does not include new or amended standards and interpretations that affect first-time adopters of IFRS or not-for-profit and public-sector entities since they are not relevant to the Group). The nature and the impact of each new standard/amendment are described below.

Changes in accounting policies and accounting pronouncements adopted since 1 January 2021

- *Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*
- *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2*

The management has assessed and determined that the above amendments have no material impact on the Group's consolidated financial statements.

Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Group's consolidated financial statements

There were several new Standards and amendments to Standards and Interpretations not yet effective as of 31 December 2021 and the Group has not been applied in preparing these consolidated financial statements. Of these pronouncements, potentially the following will be relevant for the Group and the Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the potential impact, whilst the Group expects the impact should be limited at the date of preparing the consolidated financial statements.

Endorsed by the EU in March 2022:

- *Amendments to IAS 1 Classification of liabilities as Current or Non-current*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*

Not yet effective and not yet endorsed by the EU:

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Onerous contracts – Cost of Fulfilling a Contract*
- *Amendment to IAS 16 Property, Plant and Equipment – Proceeds Before Intended Use*
- *Amendments to IFRS 3 Business Combination – Reference to conceptual Framework*
- *Amendments to IFRS 17 Insurance contracts*
- *Amendments to IAS 1 Disclosure of accounting policies*
- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture*

2.2. Significant accounting policies

Except for the changes described above in Note 2.1 (f) 'Application of new and revised International Financial Reporting Standards IFRS', and changes described below in Note d)vii, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if the Group has:

- Existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its rights over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity attributed to owners of the Company.

When the Group loses control over a subsidiary, profit or loss on disposal 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 interests and other components of equity, and is recognised in the consolidated income statement and other comprehensive income under 'Disposal of investment property'.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). 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 IFRS 9 Financial Instruments or IAS 28 Investments in Associates and Joint Ventures.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied by all entities in the Group. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

Acquisitions and changes to the Group

The Group completed several acquisitions during 2020 and 2021. The Group assessed these acquisitions to determine 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 completed in 2021 should be treated as asset acquisition under IFRS. This 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 recognised as a result of the acquisitions.

Changes in the scope of consolidation

The changes in the scope of consolidation in 2021 compared to 2020 are disclosed in Note 10 Group structure.

i. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The interest of non-controlling shareholders at the date of the business combination is recorded at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, which are determined at fair value. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

ii. Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the period presented. The assets and liabilities acquired are recognised at the carrying amounts (book values) recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain / loss arising is recognised directly in equity.

iii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iv. Transactions eliminated on consolidation

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

v. Property asset acquisitions

Where property is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises.

b) Foreign currency

Functional currencies

Functional currencies of the companies in the Group are the currency of the primary economic environment in which the entity operates, and most of its transactions are made in this currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss

is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Summary of countries and functional currencies:

Country	Functional currency
Luxembourg	EUR
Belgium	EUR
Czech Republic	CZK
Slovakia	EUR
Germany	EUR
France	EUR
Netherlands	EUR
Poland	PLN
Spain	EUR
Italy	EUR
Serbia	RSD
Romania	RON

Foreign subsidiaries

Assets and liabilities of foreign entities with functional currency different than Euros are translated into Euros at exchange rates ruling at the balance sheet date. Their income, expenses and cash flows are translated at the average rate for the period or at the spot rate for significant items. The exchange differences arising on translation for consolidation are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss. The following exchange rates were used during translations:

Date	Closing exchange rate CZK/EUR	Average exchange rate CZK/EUR for the year
31 December 2021	24.86	25.26
31 December 2020	26.25	26.45

Date	Closing exchange rate PLN/EUR	Average exchange rate PLN/EUR for the year
31 December 2021	4.60	4.62
31 December 2020	4.61	4.44

Date	Closing exchange rate RON/EUR	Average exchange rate RON/EUR for the year
31 December 2021	4.95	4.95
31 December 2020	4.87	4.84

Foreign subsidiary in Serbia is not material to the consolidated financial statements.

c) Consolidated Statement of Financial Position

i. Investment property

Investment property is measured initially at cost. Subsequent to initial recognition, investment property is recorded at market value (which is considered fair value in accordance with IAS 40 and IFRS 13). Appraisals of market values as of 31 December 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. See also “Critical accounting estimates and judgements” and Note 5.1 for additional information on appraisal methodology.

Ancillary services (for example security and maintenance services), which are provided by the Group as the owner of investment property to the tenants, are generally an insignificant component of the arrangement.

Expenses incurred after the purchase of the property are only capitalised if they represent improvements to the property and if it is likely that future economic benefits will generate to the Group and if acquisition or construction costs can be reliably measured. All other maintenance and repair costs are recognised immediately in profit or loss in the period in which they are incurred.

The net result arising from a change in the fair value of investment property is recognised in profit or loss in the period in which it arises.

The Group enters into contracts with customers to sell properties that are either complete or under development. The sale of the completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

For contracts relating to the sale of properties under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided. In such contracts, the goods and services to be provided are not distinct and are generally accounted for as a single performance obligation. Depending on whether the terms of each contract, the Group determines whether control is transferred at a point in time or over time.

The Group holds some investment properties that are located on leased land, and these ground leases are long-term tenors. The Group is a lessee in respect of the ground lease, and under IFRS 16, it must recognise a right-of-use asset and lease liability in relation to these leases. The Group applies IAS 40 to account for a right-of-use asset as the underlying asset otherwise meets the definition of investment property and thus the right-of-use asset is classified as an investment property. This is supported by the fact that the leased land is held solely for the purpose of holding the related investment property building.

The right-of-use asset is measured on initial recognition in accordance with IFRS 16. IFRS 16 requires a right-of-use asset to be measured at the amount of the initial measurement of the lease liability. On subsequent measurement of the right-of-use asset at fair value, valuation model for investment property includes ground lease payments as cash outflow and present fair value on net basis. However, based on IFRS 16 requirement, the lease liability and the right-of-use investment property needs to be presented on a gross basis on the balance sheet. Thus, based on IAS 40, the amount of the recognised lease liability, calculated in accordance with IFRS 16, is added back to the amount determined under the net valuation model, to arrive at the carrying amount of the investment property under fair value model.

ii. Investment property under construction

Investment property under construction is measured initially at cost and, to the extent that a fair value can be reliably determined, subsequently recorded at market value in accordance with IAS 40. The adjustment to the market value of investment property under construction is recorded in profit or loss as part of the net change in market value of investment property from the point at which the construction permit is finalised and contract with general contractor signed. The costs capitalised from ongoing construction are recognised first, then as a subsequent step, the fair value measurement is carried out and revaluation is recognised.

iii. Property, plant and equipment

Recognition and measurement

Property, plant and equipment consist primarily of office furnishings and leasehold improvements. Furnishings, fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, capitalised borrowing costs and an appropriate proportion of production overheads.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. The estimated useful lives for the current and comparative periods are as follows:

Assets	31 December 2021	31 December 2020
Investment Property	30 – 50 years	30 – 50 years
Equipment	5 – 10 years	5 – 10 years
Motor vehicles	5 years	5 years
Fittings	3 – 5 years	3 – 5 years
Computers	3 years	3 years

Estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

iv. Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The cost of software is amortised over 3 to 5 years.

For internally developed software, the Group follows IAS 38, which requires development costs to be capitalised only after technical and commercial feasibility of the asset to be used. Only expenditure arising from the development phase can be considered for capitalisation, with all expenditure on research being recognised as an expense when it is incurred. The cost eligible for capitalisation represent costs directly attributable to

development such as compensation costs of employees hired for the project, travel costs, licensing and maintenance fee and other costs invoiced by consultants and suppliers. The project shall be considered completed and put in use once all the core functionalities are up and running and the system operates in line with its intended purpose.

v. Right-of-use assets and lease liabilities

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee - Right-of-use assets

Recognition and measurement

A lease is defined as a contract, or part of a contract, that conveys the right to control the use (direct how and for what purpose the asset is used and obtain substantially all the economic benefits) of a specifically identified asset for the period of time in exchange for consideration.

Exemption is applied to following contracts:

- Short-term leases (having lease term of 12 months and less),
- Leases for which the underlying asset is of low value (under USD 5,000).

Upon lease commencement a lessee recognises a right-of-use asset and a lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Subsequent measurement

Right-of-use assets recognised under PPE are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In such cases, the Group reviews the estimated residual values and expected useful lives of assets at least annually. The right-of-use assets are also subject to impairment.

The basis for right-of-use assets shall be consistent with the principles for property, plant and equipment, being depreciated over the lease term, or useful life if exercise option is reflected in the cost.

The Group leases properties that meet the definition of investment property. These right-of-use assets are presented as "Investment property - right-of-use asset" in the consolidated statement of financial position. The Group elects to apply the fair value model to measure an investment property that is held as a right-of-use asset.

Discount rate

If the interest rate implicit in the lease cannot be readily determined, the interest rate from the latest bank financing before the beginning of the year is applied as the incremental borrowing rate for the particular year.

Lease modifications

The lease liability shall be remeasured if there is a change in the lease term, assessment of purchase option, or change in future payments resulting from changes in an index or a rate. The treatment of lease modifications depends on whether a modification increases the scope of the lease (when a separate new lease is accounted for) and the consideration for the lease increases commensurately (lease liability is to be remeasured, revised

lease payments discounted at the revised discount rate and corresponding adjustment made to the right-of-use asset).

Group as a lessee - Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. IFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.

Group as a lessor

Refer to accounting policies on gross rental revenue.

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost.

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

vi. Impairment of assets

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') to trade receivables which uses a lifetime expected loss allowance for all trade receivables. To measure ECLs trade receivables have been grouped by portfolios to reflect the shared credit risk characteristics. Expected loss rates are based on the historic credit loss experienced for each portfolio and adjusted for current and forward information affecting the ability of the individual customers to settle receivables. The split of the loss allowance recorded as at the balance sheet date is included in Note 5.9.

The Group presumes that the credit risk on a financial asset (except for cash) has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, and deferred tax, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into cash generating units (CGU's), defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

vii. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

viii. Financial Instruments

Financial instruments include both financial assets and financial liabilities, considering the nature of the business and the overall business model, these are further classified under the following primary categories:

- Financial instruments valued at fair value through the profit and loss (“FVTPL”)
- Financial instruments valued at fair value through other comprehensive income (“FVOCI”)
- Non-derivative financial assets at amortised cost
- Financial liabilities at amortised cost
- Derivative financial instruments which are designated as non-hedged instruments
- Derivative financial instruments which are designated as hedging instruments

Non-derivative financial assets at amortised cost are represented by the following items:

- Trade receivables

Trade receivables comprise receivables arising mainly from the leasing of investment properties.

- Other current assets

The fair value of other current assets due within one year approximates the carrying value disclosed in the consolidated financial statements, due to the short time in which these transactions are settled. The balance comprises receivables which do not arise from leasing of investment properties.

- Restricted cash

Restricted cash relates to cash balances maintained in designated bank accounts where the use of the cash is restricted by lenders, some tenant deposits which are held in segregated accounts and some deposits or amounts held in escrow required as security in relation to acquisitions or other transactions.

- Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term cash commitments.

Financial liabilities at amortised cost are represented by the following items:

- External borrowings

Long and short-term borrowings are variable and fixed interest rate Euro denominated bank loans guaranteed by the shareholder. A differentiation is made between long and short-term bank loans based on future repayments. Repayments due within twelve months or amounts that are callable within the next twelve months are classified as current, and the rest as non-current.

At the end of 2021 the revolving credit facility was signed, although not drawn in December, and is therefore not shown in the balance sheet.

- Shareholder borrowings

Consists of subordinated shareholder loans provided by its shareholder with long-term tenors.

- Trade payables

Trade payables consist mainly of obligations that arise in connection with the investment properties, for example with leasing activities or renovation of a property, and in connection with administration of the companies.

- All other short and long-term liabilities

These include all other liabilities of the Group, lease payments received in advance, prepayments, tenant deposits, VAT liabilities as well as various accruals and other items.

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (either debt investment or equity investment); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets

Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest rates and as part of its management of financing costs. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. All derivatives are carried at fair value through profit or loss.

Cash flow hedges

The Group designates certain financial liabilities denominated in currency different than the functional currency of a given Group entity as hedging instruments in a cash flow hedge of a foreign currency risk. Financial liabilities denominated in EUR are designated as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions (EUR denominated rental income in non-EUR functional currency subsidiaries) arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. When a financial liability is designated as a cash flow hedging instrument, the effective portion of foreign exchange gains and losses for the hedging instruments is recognised in OCI and accumulated in the Other reserve in equity. Any ineffective portion is recognised immediately in profit or loss. The amount accumulated in the Other reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires, is sold or terminated, or the designation revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amounts that have been accumulated in the Other reserve are immediately reclassified to profit or loss.

ix. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

x. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

d) Consolidated Statement of Comprehensive Income

i. Gross rental revenue

Revenues are recognised in compliance with IFRS 15 Revenue from Contracts with Customers. Revenue reported from real estate operations comprises exclusively rental income and income from service charges. Rental revenue from operating leases, less the Group's initial direct costs of entering into the leases, is accounted for according to IFRS 16 Leases, and it is recognised on a straight-line basis over the term of the lease. Incentives for lessees to enter into lease agreements are amortised on a straight-line basis over the lease term, even if the payments are not made on such a basis. Amounts received from tenants to terminate leases are recognised in profit or loss when they arise.

Service charges income is a fee enabling the Group to recover the costs of servicing and operating its properties from the tenants. It is dependent on the actual servicing/operating costs and the level of occupancy of the properties for the given period. The income is recognised based on the arrangements made with the tenants in

the lease agreement – either as a direct charge to tenants or as a service charge reconciliation. In respect of utilities (energy, water, etc.) consumed by tenants, the Group acts as an agent to its tenants and recognises income through direct charge to tenants without any margin. The amounts received from tenants and paid to utilities providers do not gross up revenues and expenses. For the other property operating expenses such as repair and maintenance, insurance, property/facility management and external services, the Group acts as the principal when delivering these types of services to the tenants due to the following reasons:

- The Group is the contractual party to fulfil the services promised to the tenants via internal or third-party service providers;
- The Group obtains, or commits itself to obtain, the specified good or service before obtaining a contract with a tenant;
- The Group determines the rate to recover the service costs from the tenants;
- The Group bears the residual risk of service costs not recovered from the tenants.

For these types of services, the Group recognises the income through service charge reconciliation and presents both the service charge income and property operating expenses on a gross basis.

The Group recognises revenue when the services (performance obligation) are transferred over time to the tenants.

Besides rent-free and tenant improvement allowance, as the most common incentives, there might be agreements where we promise to provide cash to the tenant or reimburse their costs (e.g. reimbursement of tenant improvement or repair and maintenance costs, contribution on moving costs).

In line with the Group policy and IFRS provisions, substance of such contributions is considered as form of discount and is presented as part of revenues on a straight-line basis over the lease term.

Contract costs

Incremental costs exceeding €20 thousand, that are directly linked with signing-off the contract, its renewal or fulfilment, that are incurred with expectation to be recovered from rental income, are recognised as “contract costs” and amortised on a systematic basis over the lease term.

ii. Property operating expenses

Property operating expenses include costs directly associated with the individual properties, and include costs for insurance, facility management, taxes and other fees. Additionally, property operating expenses include the cost for maintenance and repairs of investment properties. The costs incurred during the reporting period are charged to profit or loss.

iii. Administrative expenses

Administrative expenses predominantly include personnel expenses for the entire Group, including personnel directly involved in managing the property portfolio as well as indirect property and administration employees. Other expenses such as fees for legal, tax, appraisal and audit services, bad debts as well as other expenses of an overhead nature are included as well. These costs are recorded on an accrual basis.

Payroll costs related to development activity are capitalised to the value of Investment property. Payroll development costs are compensated via intercompany service fees, which are subject to elimination for Consolidation, therefore this adjustment is calculated at the Group level based on relevant activities.

iv. Utilities

In respect of utilities (energy, water, etc.) consumed by tenants, the Group acts as an agent to its tenants. The Group performs payments to utilities providers on behalf of tenants, receives advances paid by tenants and issues final settlements to tenants based on actual utilities consumption. Amounts received from tenants and

paid to utilities providers are recognised as payables and receivables respectively until final settlement and do not gross up revenues and expenses.

v. Finance income and finance costs

Finance income comprises of interest income on funds invested (bank interest, interest on provided loans), net foreign exchange gains.

Financial costs primarily consist of interest expense on debt financing, including the interest impact, financing and commitment fees, advisory fees incurred due to refinancing or supporting financing activities and revaluation losses from derivative financial instruments. All financial costs are accrued and recognised in profit or loss based on the effective interest method, except for fair value movements of derivatives.

Borrowing costs directly attributable to borrowings used to finance development properties are removed from the profit or loss and capitalised as part of the acquisition cost of the development property. Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method. The amount of borrowing costs, which are capitalised, is calculated at the Group level based on principal drawn down during development activity and weighted average interest expense from external financing.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position. In 2021, the Group introduced cash-flow hedge models to eliminate adverse impact of revaluation of intercompany loans as described in Note 2.2. d)vii.

vi. Income taxes

Income tax expenses comprise current and deferred income taxes. Income tax expenses are recorded directly in profit or loss unless they are incurred as part of a transaction included in other comprehensive income. In such cases, the income tax expenses are recorded directly in other comprehensive income in a manner consistent with the underlying transaction.

Current income tax

Current income taxes comprise taxes due on the taxable earnings of the Group calculated using the tax rate in effect as of the balance sheet date, together with capital gains tax on the sales of assets and adjustments to tax liabilities or receivables from previous periods.

The Group is subject to income and capital gains taxes in several jurisdictions. Judgement is required to determine the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain.

The Group recognises liabilities for current taxes based on estimates of whether taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made. Deferred tax assets and liabilities are recognised on a net basis to the extent they are relating to the same fiscal jurisdiction and are capable of direct offset.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets from tax loss carry forwards are recognised only to the extent that it is probable that taxable profit will be available against which those losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

vii. Changes in accounting policy/estimates

Change in recognition of Leasing commissions

In the past, the Group recognised leasing commissions as an expense when incurred. This approach was adopted based on the fact that the financial impact was immaterial, and the cost was stable year-on-year. Due to the significant growth driven by the recent development and acquisition activities the management has reassessed the appropriateness of the accounting treatment and decided to align the rental income and its related expenses. Starting 1 January 2021 leasing commissions are amortised over the duration of the respective rental contracts. Due to immaterial impact in prior year, the change is applied prospectively, and this resulted in €5.4 million being deferred on balance sheet as at 31 December 2021.

viii. New accounting policy

Change in recognition of foreign exchange Hedge model

Lease contracts with customers are concluded in EUR. To minimize foreign currency risks the Group decided to finance its real estate acquisitions through EUR denominated loans. This minimizes foreign currency risks resulting from movements of EUR in non-EUR countries (Czech Republic, Poland and Romania) in terms of collection of rent payments and instalments of loans being executed in EUR. To eliminate adverse impacts of revaluation of these loans in non-EUR countries cash flow hedge models were introduced from January 2021 with prospective application considered as a first application of the new accounting policy. Financial liabilities are designated as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions (EUR denominated rental income in non-EUR functional currency subsidiaries) arising from changes in foreign exchange rates.

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 classifies 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.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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. The fair values reflect the 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 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.

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).

2.4. Recurring EBITDA

Recurring EBITDA is not a defined performance measure in IFRS Standards. Recurring EBITDA is a non-GAAP measure used by the Group to monitor the Group’s profitability performance. It is defined as Net rental income less Administrative expenses. It excludes impacts of changes in fair value, disposals, depreciation and other expenses primarily related to acquisitions or similar costs of one-off nature.

Reconciliation of recurring EBITDA to operating profit:

For the year ended
In € thousand

	Note	31 December 2021	31 December 2020
Rental income		318,513	249,102
Service charges		45,668	37,965
Gross rental revenue	4.1	364,181	287,067
Property operating expenses	4.2	(57,100)	(46,185)
Net rental income		307,081	240,882
Administrative expenses	4.3	(45,656)	(55,581)
Recurring EBITDA		261,425	185,301
Recurring EBITDA to rental income margin		82.1%	74.4%
Net gains from fair value adjustments on investment property	4.4	855,230	255,037
Disposal of investment property	4.5	6,554	5,027
Other expense, net	4.6	(904)	(10,229)
Depreciation	4.3	(6,152)	(2,623)
Operating profit		1,116,153	432,513

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 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, total amount of rental income of this tenant is €48,532 thousand and it is fully coming from German segment.

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

Segment as at 31 December 2021

In € thousand



	CZ	PL	FR	RO	DE	SP	SK	IT	NL	Other*	Mgmt / Hold	Eliminations	Total
CONSOLIDATED STATEMENT OF PROFIT OR LOSS													
Gross rental revenue*	83,607	40,311	14,229	18,202	113,309	30,059	25,105	20,053	15,765	4,122	-	(580)	364,181
Property operating expenses	(10,895)	(14,278)	(5,026)	(5,325)	(11,703)	(2,908)	(5,898)	(3,313)	(2,239)	(411)	-	4,894	(57,100)
Net rental income	72,712	26,033	9,203	12,877	101,606	27,151	19,207	16,740	13,526	3,711	-	4,314	307,081
Net gains from fair value adjustments on investment property	167,628	119,089	39,249	12,943	208,186	53,782	79,038	117,072	62,502	(4,259)	-	-	855,230
Disposal of assets	(22,313)	(3,979)	(745)	490	(389)	(7,946)	-	(5,926)	(1,073)	-	40,609	7,827	6,554
Other income/Other expense	197	(53)	(602)	(46)	(365)	(84)	51	(10)	(171)	25	80,684	(80,530)	(904)
Administrative expenses	(9,161)	(3,749)	(1,976)	(1,805)	(15,785)	(3,918)	(2,355)	(2,248)	(1,858)	3,793	(73,820)	67,224	(45,656)
Depreciation	12	-	(68)	(96)	(2,019)	-	(2)	-	(291)	-	(3,687)	-	(6,152)
Operating profit	209,075	137,341	45,061	24,363	291,234	68,985	95,939	125,628	72,635	3,270	43,786	(1,167)	1,116,153
Financial income	2,747	1,492	463	(524)	63	45	-	117	-	3,730	302,411	(307,241)	3,301
Shareholder financing costs											(148,512)		(148,512)
External and other financial costs	(19,499)	(10,047)	(5,486)	(8,868)	(31,023)	(11,298)	(4,590)	(9,080)	(4,327)	(553)	(223,889)	306,444	(22,215)
Profit before tax	192,323	128,786	40,038	14,971	260,274	57,732	91,349	116,665	68,308	6,447	(26,204)	(1,964)	948,727
Income tax expense	(40,611)	(23,332)	(6,067)	(2,423)	(36,815)	(1,152)	(17,929)	(19,382)	(12,844)	(730)	(6,551)	-	(167,835)
Profit for the period	151,712	105,454	33,971	12,548	223,459	56,580	73,420	97,283	55,464	5,717	(32,755)	(1,964)	780,892
CONSOLIDATED STATEMENT OF FINANCIAL POSITION													
Investment property	1,519,510	526,566	237,319	258,964	2,383,755	694,707	412,661	424,907	372,057	39,001	-	(53,159)	6,816,288
Investment property under construction	55,223	81,160	-	-	51,545	110,535	12,913	156,416	-	-	-	(5,282)	462,510
Other assets	31,331	210,850	79,327	8,237	185,734	32,384	11,348	43,913	22,822	22,509	13,626,974	(13,650,280)	625,150
Total assets	1,606,064	818,576	316,646	267,201	2,621,034	837,626	436,922	625,236	394,879	61,510	13,626,974	(13,708,721)	7,903,948
Borrowings	581,503	397,844	167,941	169,734	1,235,883	359,583	158,085	225,149	228,416	41,511	11,168,663	(10,267,204)	4,467,108
Other liabilities	190,099	83,240	54,655	13,430	206,927	48,301	45,506	100,877	36,014	1,354	154,436	(78,985)	855,854
Total liabilities	771,602	481,084	222,596	183,164	1,442,810	407,884	203,591	326,026	264,430	42,865	11,323,099	(10,346,189)	5,322,962
Equity	834,462	337,492	94,050	84,037	1,178,224	429,742	233,331	299,210	130,449	18,645	2,303,875	(3,362,532)	2,580,986

*Revenues to external customers

Segment as at 31 December 2020

In € thousand

	CZ	PL	FR	RO	DE	SP	SK	IT	NL	Other**	Mgmt / Hold	Eliminations	Total
CONSOLIDATED STATEMENT OF PROFIT OR LOSS													
Gross rental revenue*	78,648	39,880	12,041	18,528	55,528	27,608	21,865	14,605	15,432	3,508	-	(575)	287,067
Property operating expenses	(9,816)	(13,677)	(3,515)	(5,537)	(6,741)	(2,262)	(4,985)	(2,185)	(1,609)	(287)	5	4,424	(46,185)
Net rental income	68,831	26,203	8,526	12,991	48,787	25,346	16,880	12,420	13,824	3,221	5	3,848	240,882
Net gains from fair value adjustments on investment property	33,626	59,503	14,343	824	118,408	33,932	(11,939)	20,683	1,795	(16,139)	-	-	255,037
Disposal of assets	(8)	3,040	-	10	(144)	-	-	-	-	503	28	1,598	5,027
Other income/Other expense	131	(691)	1,167	(80)	100	74	168	3	3	(146)	42,853	(53,812)	(10,229)
Administrative expenses	(10,432)	(6,544)	(2,060)	(2,167)	(12,645)	(3,409)	(2,389)	(2,926)	(1,619)	(500)	(55,383)	44,494	(55,581)
Depreciation	-	-	-	(97)	(214)	-	(2)	-	(499)	-	(1,811)	-	(2,623)
Operating profit	92,148	81,511	21,975	11,481	154,291	55,943	2,719	30,179	13,504	(13,061)	(14,308)	(3,873)	432,513
Financial income	-	-	473	49	423	177	-	213	-	-	249,946	(251,233)	48
Shareholder financing costs	-	-	-	-	-	-	-	-	-	-	(99,147)	-	(99,147)
External and other financial costs	(41,743)	(37,094)	(5,339)	(13,048)	(17,758)	(10,120)	(4,804)	(9,372)	(4,443)	(1,854)	(181,771)	255,120	(72,227)
Profit before tax	50,406	44,418	17,109	(1,517)	136,956	46,000	(2,086)	21,020	9,062	(14,915)	(45,280)	14	261,187
Income tax expense	(15,316)	(8,204)	(7,175)	(600)	(29,531)	(6,142)	675	(6,354)	(2,147)	2,660	(3,203)	-	(75,339)
Profit for the period	35,090	36,213	9,934	(2,117)	107,424	39,858	(1,411)	14,666	6,914	(12,256)	(48,484)	14	185,848
CONSOLIDATED STATEMENT OF FINANCIAL POSITION													
Investment property	1,300,849	565,846	170,308	244,641	2,033,211	530,322	290,333	347,924	231,888	53,960	-	(7,039)	5,762,243
Investment property under construction	-	242	-	1,556	54,884	49,443	45,144	-	-	-	-	(2,330)	148,939
Other assets	131,005	72,579	120,046	14,940	263,850	52,448	29,599	75,508	33,992	15,765	13,241,237	(13,240,836)	742,183
Total assets	1,431,854	638,667	290,354	265,467	2,351,945	632,213	365,076	423,432	265,881	69,725	13,241,237	(13,322,486)	6,653,365
Borrowings	684,922	348,861	183,777	180,563	1,198,816	282,453	175,600	218,201	156,926	47,378	11,349,834	(10,199,661)	4,627,671
Other liabilities	143,009	56,507	49,814	10,253	193,542	38,512	29,564	36,449	33,970	3,199	178,605	(104,736)	668,686
Total liabilities	827,931	405,368	233,590	190,816	1,392,358	320,964	205,165	254,649	190,896	50,577	11,528,440	(10,304,398)	5,296,357
Equity	603,923	233,299	56,764	74,651	959,587	311,249	159,911	168,783	74,985	19,148	1,712,797	(3,018,089)	1,357,008

*Revenues to external customers

**Comprises Bulgaria, Serbia, Austria, Belgium and Group adjustments; The presentation of Urban segment was changed in 2021 comparing to issued financial statements for 2020, when this segment was added under Germany (previously presented under Other).

4. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4.1. Gross Rental Revenue

In € thousand

	2021	2020
Rental revenue from investment property (including investment property – right-of-use asset)	318,905	251,424
Straight-lining of lease incentives	(392)	(2,322)
Rental income	318,513	249,102
Service charges	45,668	37,965
Gross rental revenue	364,181	287,067

Rental income from investment property (including investment property – right-of-use asset) increased due to new investment properties acquired and completed in 2020 and 2021.

4.2. Property Operating Expenses

In € thousand

	2021	2020
Utilities	(5,335)	(1,925)
Taxation	(19,077)	(18,171)
Insurance	(4,214)	(2,792)
Security	(7,930)	(6,932)
Property management fees	(8,304)	(6,691)
Repairs and maintenance	(8,281)	(7,612)
Other	(3,959)	(2,062)
Total	(57,100)	(46,185)

Majority of the property operating expenses presented above is related to investment property (including investment property – right-of-use asset) that generated rental income during the year.

4.3. Administrative Expenses

In € thousand

	2021	2020
Property administrative expenses (1)	(15,127)	(23,640)
Employee and other administrative expenses (2)	(34,802)	(31,941)
Costs capitalised (3)	4,273	-
Total	(45,656)	(55,581)

(1) Property administrative expenses:

In € thousand

	2021	2020
Letting, marketing, legal, and professional fees	(12,346)	(19,928)
Impairment loss on trade receivables (ECL)	116	(45)
Other	(2,897)	(3,667)
Total	(15,127)	(23,640)

(2) Employee and other administrative expenses:

In € thousand

	2021	2020
Employee expenses	(28,982)	(27,258)
Audit fees*	(1,140)	(956)
Other	(4,680)	(3,727)
Total	(34,802)	(31,941)

*Comprise of Group's auditors and other external auditors' fees, see note below for details of audit fee performed by the Group's auditor

Employee expenses

In € thousand

	2021	2020
Wages and salaries	(23,924)	(23,886)
Social security and health insurance	(2,908)	(2,372)
Other	(2,150)	(1,000)
Total	(28,982)	(27,258)

Average amount of full-time equivalent employees in 2021 was 198 and 171 in 2020.

Fees in relation to services provided by the Group's auditors

In € thousand

	2021	2020
Audit services		
Parent company	(19)	(5)
Subsidiary undertakings and consolidation	(898)	(744)
Total audit services	(917)	(749)
Other audit related services	(105)	-
Other non-audit related services	(266)	(341)
Total	(1,288)	(1,090)

(3) Costs capitalised primarily relate to internal employee staff costs directly involved in developing the property portfolio.

4.4. Net gains from fair value adjustments on investment property

In € thousand

	Valuation gains	Valuation loss	Net change in market value
2021			
Investment property	775,306	(35,687)	739,619
Investment property under construction	115,611	-	115,611
Total	890,917	(35,687)	855,230

In € thousand

	Valuation gains	Valuation loss	Net change in market value
2020			
Investment property	348,582	(125,627)	222,955
Investment property under construction	32,082	-	32,082
Total	380,664	(125,627)	255,037

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

4.5. Disposal of investment property

In 2021, the Group completed sale of a pan-European portfolio of 16 assets in the net asset value of €153.8 million and disposed land in Romania for €5.8 million (all these assets were presented under Assets held for sale as at 31 December 2020). In addition, the Group also sold one property in Germany for €4.5 million.

In 2020, the Group completed the sale of 6 yielding assets in Poland for €113.5 million, land in Germany for €6.1 million and land in Bulgaria for €1.7 million (all these assets were presented under Assets held for sale as at 31 December 2019).

Gains on disposal of investment property amounted to €6,554 thousand (2020: €5,027 thousand) is net of consideration received and net assets and liabilities disposed.

In € thousand

	2021	2020
Investment property	(260,715)	(156,763)
Trade and other receivables	(1,449)	-
Cash and cash equivalents	(5,295)	-
Deferred tax liabilities	13,553	-
Trade and other payables	98,373	-
Contingent liability*	(3,000)	-
Net assets and liabilities disposed	(158,533)	(156,763)
Consideration received	165,087	161,790
Settlement of intercompany loans and other liabilities	103,228	-
Cash and cash equivalents disposed	(5,295)	-
Net cash inflows	263,020	161,790

*Rent guarantee provided to the buyer, see Note 5.23 for further details

For further reference on assets and liabilities held for sale see also Note 5.22.

4.6. Other Expense, Net

As of 31 December 2021, as well as of 31 December 2020, 'Other Expense, Net' comprised primarily transaction costs related to new acquisitions, other advisory costs related to the Group matters (transfer pricing, legal structuring, etc) and late fees paid by tenants.

4.7. Financial Income

In € thousand

	2021	2020
Interest income	261	36
Other financial income	83	12
Net foreign exchange gains	2,957	-
Total	3,301	48

4.8. Financial Costs

Shareholder financing costs

Interest expense and guarantee fee from shareholder loans in the amount of €148,512 thousand (€99,147 thousand in 2020) was not settled in cash and remained accrued in 2020 and 2021.

External and other financial costs

In € thousand

	2021	2020
Interest expenses– external borrowings	(19,097)	(17,718)
Financing fees	(3,113)	(559)
Unrealized losses from derivatives and financial instruments	(5)	(14)
Net foreign exchange losses (1)	-	(53,937)
Total	(22,215)	(72,227)

- (1) Net foreign exchange losses arise primarily from revaluation of borrowings from EUR to local functional currencies including the effect from the hedge model applied prospectively from 2021 (refer to Note 2.2. d) vii) deferring FX gain and losses in OCI against future cash flow from rental income.

4.9. Income Tax

In € thousand

	2021	2020
Current income tax expense	(21,109)	(16,439)
Deferred income tax expense (Note 5.6)	(146,726)	(58,900)
Total income tax expense	(167,835)	(75,339)

In € thousand

	2021	Effective tax rate	2020	Effective tax rate
Profit/(Loss) before tax	948,727		261,187	
Tax at the domestic tax rates applicable to profits in the country concerned (1)	(164,443)	17%	(35,742)	14%
Non-deductible expenses	(11,868)	1%	(14,080)	5%
Non-taxable revenues	22,250	-2%	10,495	-4%
Gains subject to tax but eliminated in consolidation (2)	(5,457)	1%	(1,982)	1%
Recognition /(derecognition) of accumulated tax losses	2,022	0%	(7,603)	3%
Deferred tax not recognised (3)	(2,840)	0%	(24,092)	9%
Other effects (4)	(7,499)	1%	(2,337)	1%
Income tax expense	(167,835)	18%	(75,339)	29%

- (1) The theoretical tax is calculated as sum of tax expenses/income calculated from profits/losses in each country using the rate applicable in the country concerned.
- (2) This line is a tax on gain arising on repayment of certain intercompany loans.
- (3) Deferred tax not recognised represents mainly deferred tax assets from trading losses that are not expected to be utilised in the near future.
- (4) Other effects are primarily represented by effect of subsequent changes in local tax returns related to prior year (in 2021 €17 thousand, in 2020 €238 thousand), hedge accounting and FX translation of deferred tax balance between years.

The Group operates in multiple tax jurisdictions. The average prevailing tax rate for the period has been calculated on a weighted average basis by applying local statutory tax rates to accounting losses and profits arising in each location.

The main tax rules in the countries where the Group is active are as follows:

Luxembourg

The corporate income tax rate of 24.94% (2020: 24.94%) includes a 7% employment fund contribution (2020: 7%). Additionally, a municipal business tax is levied. Tax losses do not expire, so they can be carried forward for undefined time period.

Czech Republic

The corporate income tax rate is 19% (2020: 19%). Tax losses can be carried forward for five years. Losses may not be carried forward on a substantial (approximately 25%) change in the ownership of a company unless certain conditions are met.

Germany

The corporate income tax rate is 15.825% (2020: 15.825%). The overall income tax rate for corporations includes corporate income tax at a rate of 15%, solidarity surcharge at a rate of 0.825% (5.5% of the corporate income tax), and local trade tax. Tax losses can be carried forward for indefinite period.

Netherlands

The corporate income tax rates are 15% (2020: 20%) on the profits up to €245,000 (2020: €200,000) and 25% (2020: 25%) on the excess. The same rates also apply to capital gains. Losses may not be carried forward on a substantial (approximately 30%) change in the ownership of a company unless certain conditions are met. Otherwise tax losses may be carried forward for nine years.

France

The corporate income tax rate is 26.5% (2020: 28%). Tax losses may be carried forward for indefinite period. Tax losses can be offset against taxable profits up to €1.0 million plus 50% of the excess in each fiscal period.

Poland

The corporate income tax rate is 19% (2020: 19%). Tax losses may be carried forward for five years, the loss set off in each year is capped at the 50% of the tax loss.

Italy

The corporate tax rate is 27.9% (IRES at 24% plus IRAP ordinary at 3.9%) (2020: 27.9%). Tax losses can be used for indefinite period. Tax law recognises tax losses unlimited (generated in the first three fiscal periods) and limited which amount to 80% of the tax base.

Slovakia

The corporate income tax rate is 21% (2020: 21%). Tax losses may be carried forward for four years.

Romania

The corporate income tax rate is 16% (2020: 16%). Tax losses may be carried forward for seven years.

Spain

The corporate income tax rate is 25% (2020: 25%). Tax losses may be carried forward for indefinite period. Part of the Spanish portfolio of the Group is subject to SOCIMI regime where the income tax rate in 2021 is 0% (2020: 0%).

Foreign subsidiaries in Belgium, Bulgaria, Serbia and UK are not material to the consolidated financial statements.

5. ADDITIONAL INFORMATION ON THE 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 31 December 2021 the Group owned 287 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).

For detail relating to 2021 acquisitions see Note 1.

Appraisals of market values as of 31 December 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.

Fair value measurement for investment properties has been categorised as a level 3 fair value (same as in 2020) based on the unobservable inputs used in the valuation.

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

Valuation technique	Significant assumptions / unobservable inputs
<p>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).</p> <p>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.</p> <p>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.</p> <p>For assets under construction ("AUC"), 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.</p> <p>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.</p>	<ul style="list-style-type: none"> - Rent value derived from lease agreements - Void periods between 0-15 months after the end of each lease - Rent free periods: 0-12 months for new leases - Weighted average Equivalent Yield for investments assets (both yielding and AUP) for country 3.92-6.37% (in 2020: 4.45-7.91%), weighted average for the Group 4.65% (2020: 5.30%) - Transaction costs 1% (2020: 1%) is the assumption that appropriately approximates the amount of transaction costs for the whole investment property portfolio - For AUC 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) <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - Rent value derived from lease agreements was higher (lower) - Void periods after the end of each lease were shorter (longer) - Rent free periods for new leases were shorter (longer) - Equivalent yields were lower (higher) - Transaction costs were lower (higher) - Estimated costs to complete for AUC were lower (higher)

For additional information about fair value measurement see Note 2.3.

For additional information about real estate market risk see Note 8.2

Investment property movement table for the year ended 31 December 2021

In € thousand

	DE	FR	CZ	PL	NL	IT	RO	SK	SP	Other*	Total
At 1 January 2021	2,026,403	170,308	1,300,849	565,846	231,888	347,924	244,641	290,333	530,322	53,729	5,762,243
Acquisition	24,253	24,173	4,325	-	79,107	-	-	-	98,400	5,029	235,287
Additions	46,545	760	4,422	13,039	1,117	3,969	1,379	2,017	2,533	125	75,906
Disposals/change in asset held for sale	(2,474)	2,828	(10,381)	(171,761)	(2,557)	1,064	23	(153)	5,645	(17,150)	(194,916)
Transfer to investment properties under construction	-	-	(26,392)	(14,553)	-	(29,448)	-	(2,098)	-	-	(72,491)
Transfer from investment properties under construction	107,316	-	5,975	30,097	-	-	1,830	43,693	7,135	1,296	197,342
Valuation gains/(losses)	171,543	39,249	149,128	87,845	62,502	100,168	12,943	72,132	48,368	(4,259)	739,619
Translation difference	-	-	76,882	809	-	-	(4,020)	-	-	(373)	73,298
At 31 December 2021	2,373,586	237,318	1,504,808	511,322	372,057	423,677	256,796	405,924	692,403	38,397	6,816,288
Tenant lease incentives**	17,136	1,752	7,560	7,359	644	318	313	3,291	1,949	195	40,517
Held for sale***	-	-	-	168,988	-	-	-	-	-	17,150	186,138
Total Property Value	2,390,722	239,070	1,512,368	687,669	372,701	423,995	257,109	409,215	694,352	55,742	7,042,943

Investment property movement table for the year ended 31 December 2020

In € thousand

	DE	FR	CZ	PL	NL	IT	RO	SK	SP	Other*	Total
At 1 January 2020	427,526	209,275	1,275,194	409,654	140,732	192,989	250,714	204,371	502,101	730	3,613,286
Acquisition	1,346,643	-	10,885	117,030	101,574	-	-	92,975	-	102,912	1,772,019
Additions	14,745	747	28,578	18,675	1,214	15,760	2,807	577	16,953	-	100,056
Disposals/change in asset held for sale	(45,080)	(54,057)	(66,651)	(37,271)	(13,427)	(24,914)	(4,992)	(125)	(24,617)	(39,881)	(311,015)
Transfer to investment properties under construction	(244)	-	-	-	-	-	-	-	(16,511)	-	(16,755)
Transfer from investment properties under construction	198,624	-	56,650	38,209	-	135,232	221	6,874	35,286	6,100	477,196
Valuation gains/(losses)	84,189	14,343	38,262	68,310	1,795	28,858	565	(14,339)	17,110	(16,139)	222,955
Translation difference	0	-	(42,069)	(48,761)	-	-	(4,674)	-	-	6	(95,498)
At 31 December 2020	2,026,403	170,308	1,300,849	565,846	231,888	347,924	244,641	290,333	530,322	53,729	5,762,243
Tenant lease incentives**	19,088	2,010	8,647	6,987	630	608	(11)	2,309	472	48	40,787
Held for sale***	42,630	54,057	66,651	20,691	13,427	24,914	4,950	-	24,617	-	251,938
Total Property Value	2,088,121	226,375	1,376,147	593,524	245,945	373,446	249,580	292,642	555,411	53,776	6,054,968

* Other includes properties in Austria, Belgium, Serbia, Bulgaria and group adjustments in both years. The presentation of Urban segment was changed in 2021 comparing to issued financial statements for 2020, when this segment was added under Germany (previously presented under Other).

**Included within other non-current assets and other current assets

***Includes Investment property, investment property under construction and tenant lease incentives within Assets held for sale

In € thousand

	2021	2020
Investment property	7,042,943	6,054,968
Investment property under construction	462,510	148,939
Property Value	7,505,454	6,203,907
Market value of properties with a security	(111,927)	-
Unencumbered Property Value	7,393,527	6,203,907

5.2. Investment property under construction

In € thousand

	2021	2020
At 1 January	148,939	356,800
Acquisition	9,330	-
Additions	312,503	197,018
Transfer from investment property	72,491	16,755
Transfer to investment property	(197,342)	(477,196)
Change in assets held for sale	-	24,198
Valuation gains	115,611	32,082
Translation difference	978	(718)
At 31 December	462,510	148,939

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

As of 31 December 2021, the Group had 11 new assets under construction in Germany, Poland, Slovakia, Spain, Italy and Czech Republic (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 unobservable inputs used in the valuation. 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 created from acquisitions made during 2020. Further information to ground lease is presented in the Note 6.1.

5.4. Property, Plant and Equipment

In € thousand

Cost	2021	2020
At 1 January	3,962	3,659
Acquisition	-	-
Additions	301	366
Disposals	(18)	-
Translation difference	(5)	(63)
At 31 December	4,240	3,962

In € thousand

Accumulated depreciation	2021	2020
At 1 January	(1,737)	(1,340)
Acquisition	-	-
Charge of the period	(374)	(417)
Eliminated on disposal	13	-
Translation difference	(10)	20
At 31 December	(2,108)	(1,737)

Net book value at 31 December	2,132	2,225
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Net book value of Property, Plant and Equipment primarily represents furniture, office equipment including leasehold improvements of leased office space and a power station located within one of the Group's logistic parks.

5.5. Intangible Assets

In € thousand

Cost	2021	2020
At 1 January	335	326
Additions	6,630	5
Disposals	-	-
Correction of presentation	5	4
At 31 December	6,970	335

Accumulated amortisation		
At 1 January	(289)	(265)
Charge for the period	(1,103)	(32)
Disposals	-	-
Correction of presentation	(3)	8
At 31 December	(1,395)	(289)

Net book value at 31 December	5,575	46
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Intangible Assets consist of capitalised software costs. The increase in 2021 is driven by group wide ERP implementation and related internally designed software.

5.6. Deferred Tax Assets and Liabilities

In € thousand

31 December 2021	Assets	Liabilities	Net
Investment property and Investment property under construction	10,727	(520,428)	(509,701)
Tax losses	25,022	-	25,022
Other temporary differences	16,824	(8,080)	8,744
Gross deferred tax	52,573	(528,508)	(475,935)
Set-off of deferred tax	(39,189)	39,189	-
Net deferred tax	13,384	(489,319)	(475,935)

In € thousand

31 December 2020	Assets	Liabilities	Net
Investment property and Investment property under construction	5,678	(377,666)	(371,988)
Tax losses	26,993	-	26,993
Other temporary differences	15,781	(854)	14,927
Gross deferred tax	48,453	(378,520)	(330,067)
Set-off of deferred tax	(27,870)	27,870	-
Net deferred tax	20,583*	(350,650)*	(330,067)

* The balance presented as Deferred tax liability on the face of balance sheet is €330,641 thousand and Deferred tax asset is €20,161 as at 31 December 2020. The difference of €19,586 thousand is represented by deferred tax liability of €20,008 and deferred tax asset of €422 related to disposed assets and is therefore presented as part of Liabilities held for sale – please refer also to Note 5.22.

The movement in deferred tax assets and liabilities is analysed in the following table.

In € thousand

31 December 2021	1 January 2021	Recognised in comprehensive income	Translation reserve	Other movements*	Net
Investment property and Investment property under construction	(352,402)	(138,571)	858	(19,586)	(509,701)
Tax losses	26,993	(1,971)	-	-	25,022
Other temporary differences	14,928	(6,184)	-	-	8,744
Total deferred tax	(310,481)	(146,726)	858	(19,586)	(475,935)

In € thousand

31 December 2020	1 January 2020	Recognised in comprehensive income	Translation reserve	Other movements*	Net
Investment property and Investment property under construction	(302,226)	(64,995)	4,114	10,705	(352,402)
Tax losses	26,366	627	-	-	26,993
Other temporary differences	9,459	5,469	-	-	14,928
Total deferred tax	(266,399)	(58,899)	4,114	10,705	(310,481)

* Other movements are represented by reclassification of deferred tax liability related to disposed assets to the position Liabilities held for sale.

As at 31 December 2021, deferred tax liabilities of €145,922 thousand (31 December 2020: €144,636 thousand), based on differences at the time of initial recognition arising from transactions treated as asset acquisitions have not been recorded, in accordance with IAS 12.

In € thousand

Tax losses	31 December 2021	31 December 2020
Total of tax losses carry forwards	383,792	422,226
there of:		
Expiration within 1 year	488	4,364
Expiration from 1-3 years	32,756	13,676
Expiration from 3-5 years	10,571	33,782
Expiration more than 5 years	9,008	5,852
Without time limitation	330,969	364,552

The Group has significant tax loss carry forwards which it can use to offset taxable income in future periods. Deferred tax assets from these tax losses carry forwards are recognised only to the extent that it is probable that taxable profits will be available against which the losses can be utilised. As at 31 December 2021, the unrecognised deferred tax asset from tax losses, and other temporary differences amounted to €58,353 thousand (31 December 2020: €71,055 thousand). In 2020, the tax losses stated above included also tax losses of €9,511 thousand related to assets classified as Assets held for sale.

5.7. Derivative financial instruments

In € thousand

Maturity of derivatives	Notional amounts 31 December 2021	Fair Value 31 December 2021	Notional amounts 31 December 2020	Fair Value 31 December 2020
Up to 1 year	535,781	3	-	-
1 to 5 years	-	-	541,309	8
Over 5 years	-	-	-	-
Total	535,781	3	541,309	8

The classification below is based on the timing of cash flows of the underlying liability.

	31 December 2021	31 December 2020
Short-term derivative – assets	3	-
Long-term derivative – assets	-	8
Short-term derivative – liabilities	-	-
Long-term derivative – liabilities	-	-
Total	3	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 in Note 4.8.

Interest rate of derivatives	31 December 2021	31 December 2020
0 - 2%	3	8
2 - 3%	-	-
Total	3	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.

5.8. Other Non-Current Assets

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In € thousand

	31 December 2021	31 December 2020
Accrued income (1)	37,462	37,416
Capitalised costs on new acquisitions (2)	18,069	20,110
Prepaid expense	4,891	728
Other (3)	22,399	5,285
Total	82,821	63,539

- (1) Accrued income represents the rent-free incentives the Group has granted to tenants.
- (2) Capitalised costs on new acquisitions/development represents transaction costs incurred as of the balance sheet date for future projects. The amount capitalised is transferred to investment property upon completion of the acquisition or start of the development.
- (3) Other non-current assets represent prepayments on land paid primarily in Germany and Poland (€16,570 thousand) and long-term deposits paid in Spain (in 2021: €5,118 thousand, in 2020: €4,332 thousand).

5.9. Trade Receivables

In € thousand

31 December 2021	Receivables	Loss allowance	Current amount
Not yet due	17,447	-	17,447
< 30 days past due	4,504	-	4,504
30 - 60 days past due	659	-	659
60 - 90 days past due	905	-	905
90 - 180 days past due	351	(79)	272
180 - 360 days past due	121	(8)	113
> 360 days past due	3,106	(2,219)	887
Total	27,093	(2,306)	24,787

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.

There is no concentration of trade receivables.

Movement in allowance for expected credit losses of trade receivables

In € thousand

31 December 2020	(2,537)
Currency translation difference	(190)
Reclassification to Assets held for sale	-
Allowance made/ (released)	421
31 December 2021	(2,306)

5.10. Other Current Assets

In € thousand

	31 December 2021	31 December 2020
Accrued income (1)	10,205	5,948
Prepaid expense (2)	8,001	5,809
Other (3)	15,029	11,273
Total	33,235	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.

5.11. Prepayments

In € thousand

	31 December 2021	31 December 2020
Deposits paid (1)	3,885	8,307
Advance payments (2)	3,493	2,000
Total	7,378	10,307

- (1) Deposits paid are primarily represented by short-term payments on escrow accounts relating to new acquisitions mainly in Italy €2,548 thousand (2020: Italy €3,221 thousand and the Netherlands €3,900 thousand).
- (2) Advance payments consist of recorded advances on utilities.

5.12. Tax Receivables

In € thousand

	31 December 2021	31 December 2020
VAT and other tax receivable (includes WHT) (1)	85,644	68,703
Income tax receivable	2,305	2,217
Total	87,949	70,920

- (1) Of the total €85,644 thousand of VAT receivable, €83,922 thousand relates to the investment property portfolio in Italy, the Netherlands, Poland, Spain and Czech Republic (31 December 2020 €68,703 thousand of VAT receivable, €62,245 thousand relates to the investment property portfolio in Poland, Romania, Spain, Slovakia and Czech Republic mainly due to development projects). An additional €1,722 thousand relates to VAT from advisory invoices in holding companies (31 December 2020: €6,458 thousand).

5.13. Cash and cash equivalents and Restricted cash

In € thousand

	31 December 2021	31 December 2020
Cash and cash equivalents	78,144	151,979
Non-current restricted cash	2,297	3,567
Current restricted cash	-	-
Total	80,441	155,546

The Group operates bank accounts in all jurisdictions where it has land or investment properties.

In certain instances, the Group is required to hold cash in reserve in order to comply with restrictions under the agreements with tenants or in relation to acquisitions where cash may be held in escrow accounts. This is classified as restricted cash above and is excluded from cash and cash equivalents in the consolidated cash flow statement.

For further information on loss allowance according to IFRS 9 please refer to Note 2.2.

5.14. Equity

Share capital and share premium

As of 31 December 2021, and 2020, the share capital of the Group consists of 36,505,930 ordinary shares with the nominal value of €0.01 each, fully paid in, on which share premium of €3,816 thousand arose. Each ordinary share is entitled in the profits and corporate capital to a pro rata portion of the corporate capital it represents, as well as to voting rights. The authorized share capital is amounting to €365 thousand

The share premium account comprises the amount received in excess of the nominal value of the shares issued by way of subsequent issue of ordinary shares predominantly in connection with consequential increases of share capital in 2016.

Other capital funds

Changes in ‘Other capital funds’ in 2021 is primarily made up of conversion of shareholder loan €390,441 thousand as part of the review of Group’s capital structure and €763 thousand was allocated to settlement of losses from previous year.

In 2020 changes in ‘Other capital funds’ are made up of allocation of profits of the previous year of €1,629 thousand and €29,390 thousand non-cash contributions made in December 2020 which represents capitalised shareholder loan.

In € thousand

	Number of shares	Share capital	Share premium	Other capital funds
Balance at 31 December 2020	36,505,930	365	3,816	324,506
Contribution of the shareholder	-	-	-	390,441
Allocation to reserve fund	-	-	-	(763)
Reclassifications and corrections	-	-	-	(1,418)
Balance at 31 December 2021	36,505,930	365	3,816	712,767

In € thousand

	Number of shares	Share capital	Share premium	Other capital funds
Balance at 31 December 2019	36,505,930	365	3,816	293,467
Contribution of the new shareholder	-	-	-	29,390
Allocation to reserve fund	-	-	-	1,629
Reclassifications and corrections	-	-	-	19
Balance at 31 December 2020	36,505,930	365	3,816	324,506

The Company is required to transfer a minimum of 5% of its net statutory profit for each financial year to a legal reserve which is part of Other capital funds. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. If the legal reserve later falls below the 10% threshold, at least 5% of net statutory profits must be allocated again toward the reserve. The legal reserve is not available for distribution to the shareholders.

Other reserve

The other reserve is predominantly due to the recognition effect from cash flow hedging. See note 2.2.d)vii for detail.

In € thousand

	31 December 2020	Movement	31 December 2021
Hedge accounting	-	29,353	29,353
Deferred tax	-	(4,209)	(4,209)
Other reserve	-	25,144	25,144

Translation reserve

The translation reserve comprises all foreign exchange differences arising from translation of the financial statements of foreign operations from their functional to the presentation currency.

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 represents 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 April 2024 to 30 April 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 future liability arising from this option was recognised as a long-term financial liability in the Group consolidated financial statements as at 31 December 2021 in the amount of €6,413 thousand corresponding to discounted liability. Present-access method was applied due to the access of minority shareholders to returns and therefore the value of option was recognised as part of non-controlling interest (NCI). Subsequent to initial recognition, the group applies accounting policy, to recognise changes in the carrying amount of the put liability in profit or loss. Nothing was recognised as at 31 December 2020 due to immateriality of the balance to be recognised.

5.15. Borrowings

In € thousand

Shareholder borrowings	31 December 2021	31 December 2020
Principal	978,246	1,381,443
Accrued interest and guarantee fee	42,581	246,315
Total	1,020,827	1,627,758

The maturity of the shareholder borrowings falls into the maturity category “Over 5 years” as the tenors exceed 25 years. The shareholder borrowings are subordinated to all external borrowings.

In September 2021 a total of €367.7 million shareholder loans were converted to equity. An additional amount of €22.7 million was converted in December 2021.

In € thousand

Net Debt	31 December 2021	31 December 2020
Long-Term External Borrowings	2,446,041	2,999,913
Bank borrowings	2,450,495	3,000,000
Deferred financial costs	(4,454)	(87)
Short-Term External Borrowings	1,000,240	-
Bank borrowings	1,000,410	-
Deferred financial costs	(170)	-
Total External Borrowings	3,446,281	2,999,913
Cash and cash equivalents	(78,144)	(151,979)
Net Debt	3,368,137	2,847,934

External Borrowings by type (excluding deferred financial costs)	31 December 2021	31 December 2020
Secured borrowings - mortgages*	50,495	-
Unsecured Borrowings	3,400,410	3,000,000
Bank loans	3,400,410	3,000,000
Total	3,450,905	3,000,000

* The Group acquired €50,495 thousand of secured borrowings with the acquisition of Centum in Spain.

Financing is provided through a combination of borrowings provided by banks and loans provided by related parties.

The table below outlines the maturity profile of the external borrowings:

In € thousand

External Borrowings by maturity (excluding Deferred financial costs)	31 December 2021	31 December 2020
Up to 1 year	1,000,410	-
1 to 5 years	2,450,495	3,000,000
Total	3,450,905	3,000,000

During 2021, the management drew down additional €400,000 thousand from a new short-term bank borrowing, €35,000 thousand from shareholder borrowings and acquired €50,495 thousand as new secured bank borrowing. Amount of €400,000 thousand from the short-term bank borrowing was used for repayment of the shareholder borrowings.

The loan facilities of €3,400,000 thousand are due between May 2022 and January 2025 and carry interest rate of EURIBOR + margin of 0.10-0.75%.

All shareholder and bank borrowings are denominated in Euro.

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

In € thousand

Borrowings (excluding accrued interest) by interest rate	31 December 2021	31 December 2020
TOTAL floating rate - reference rate + 0.35% to 2% *	3,050,495	3,000,000
TOTAL fixed rate - 0.1%	400,000	-
TOTAL blended rate for shareholder's loan – 3.66%+ margin on profit	1,020,827	1,627,758
Total	4,471,322	4,627,758

* Portion of loans with variable interest are hedged against interest rate risk with interest caps.

The average interest rate for bank borrowings was 0.56% (year 2020: 0.60%). Bank borrowings are guaranteed by Europe Realty Holdings Pte Ltd (parent company of the shareholder of the Group).

Liquidity

P3 Group S.à.r.l entered into a €750 million revolving facility agreement in December 2021. This facility is unsecured and non-recourse to the shareholder. It has a 5-year tenor with extension options for 2 additional years. As at 31 December 2021, this facility was fully undrawn.

Financial Covenants

The current outstanding bank loans of the Group do not contain any financial quantitative covenants. The revolving credit facility signed in December 2021 comprises financial covenants which the Group, as of 31 December 2021, with substantial headroom was in full compliance with. The financial covenants are regularly monitored, presented below as of 31 December 2021:

- (1) Loan to Value should not exceed 60% as of 30 June or 31 December of each calendar year.
- (2) Interest Cover should exceed to 1.5x as of 30 June or 31 December of each calendar year
- (3) Unencumbered Assets Ratio should not be inferior to 1.5x as of 30 June or 31 December of each calendar year.
- (4) Priority Debt Ratio should not exceed 40% as of 30 June or 31 December of each calendar year.

Financial Covenants	2021	Covenant Ratios
(1) Loan to Value ratio	44.9%	< 60%
(2) Interest Cover ratio	13.9	> 1.5
(3) Unencumbered Assets ratio	2.2	> 1.5
(4) Priority Debt ratio	0.7%	< 40%

Reconciliation of changes in liabilities arising from financing activities

The reconciliation between opening and closing balances in the statement of financial position for liabilities arising from financing activities is presented in the following table.

In € thousand

Borrowings	Term loan facilities – long-term	Shareholder borrowings - long-term	Term loan facilities - short-term	Total
At 1 January 2021	2,999,913	1,627,758	-	4,627,671
Changes for financing cash flow				
Proceeds from borrowings	-	35,000	400,000	435,000
Repayment of borrowings	-	(400,000)	-	(400,000)
ST/LT reclassifications	(600,000)	-	600,000	-
Foreign exchange effect realized	-	-	-	-
Total changes from financing cash flows	2,399,913	1,262,758	1,000,000	4,662,671
Other movements				
Acquisitions	50,495	-	183	50,678
Interests charged	-	148,512	18,555	167,067
Interests paid	-	-	(18,328)	(18,328)
Conversion to equity	-	(390,443)	-	(390,443)
Additions to deferred financial costs	(4,977)	-	(170)	(5,147)
Release of deferred financial costs	610	-	-	610
Foreign Exchange effect	-	-	-	-
Total liability related to other changes	46,128	(241,931)	240	(195,563)
Balance at 31 December 2021	2,446,041	1,020,827	1,000,240	4,467,108

In € thousand

Borrowings	Term loan facilities – long-term	Shareholder borrowings - long-term	Term loan facilities – short-term	Total
At 1 January 2020	1,449,399	753,003	599,659	2,802,061
Changes for financing cash flow				
Proceeds from borrowings	1,550,000	1,105,000	-	2,655,000
Repayment of borrowings	-	(300,000)	(600,000)	(900,000)
ST/LT reclassifications	-	-	-	-
Foreign exchange effect realized	-	-	-	-
Total changes from financing cash flows	2,999,399	1,558,003	(341)	4,557,061
Other movements				
Acquisitions	-	-	-	-
Interests charged	-	99,147	17,266	116,413
Interests paid	-	-	(17,439)	(17,439)
Conversion to equity	-	(29,392)	-	(29,392)
Additions to deferred financial costs	-	-	-	-
Release of deferred financial costs	514	-	514	1,028
Foreign Exchange effect	-	-	-	-
Total liability related to other changes	514	69,755	341	70,610
Balance at 31 December 2020	2,999,913	1,627,758	-	4,627,671

5.16. Long-term payables

As at 31 December 2021, the Group had 'Long-term payables' of €126,751 thousand (31 December 2020: €114,898 thousand) which represent primarily a lease liability of €97,910 thousand (31 December 2020: €97,004 thousand) recognised from the application of IFRS 16 as described in Note 6.1. and amounts received from tenants as security for their rental obligations and retentions from development projects.

5.17. Trade Payables

As at 31 December 2021, 'Trade payables' of €42,881 thousand (31 December 2020: €22,395 thousand) comprise payment obligations to third-party suppliers incurred in the normal course of business. The balance comprises primarily payables related to construction costs incurred from ongoing developments in Germany, Italy, Spain and Poland.

5.18. Accruals

In € thousand

	31 December 2021	31 December 2020
Operating expenses	6,529	9,213
Accounting, audit and legal expenses	11,041	10,467
Capex accruals	27,376	10,470
Other expenses	10,137	10,796
Total	55,083	40,946

5.19. Deferred Income

As at 31 December 2021, 'Deferred income' of €21,815 thousand (31 December 2020: €20,339 thousand) comprises primarily rent paid in advance by tenants.

5.20. Tax Liabilities

In € thousand

	31 December 2021	31 December 2020
VAT	14,665	18,198
Income tax payable	11,823	5,393
Other tax payable (1)	58,070	68,102
Total	84,558	91,693

(1) Other tax payable comprises primarily outstanding real estate transfer tax resulting from acquisitions in Germany in 2020

5.21. Other Current Payables

In € thousand

	31 December 2021	31 December 2020
Tenant deposits	2,688	1,127
Advance payments received	2,346	660
Payables to employees	1,161	3,124
Lease liability	3,985	3,192
Other payables (1)	25,267	3,902
Total	35,447	12,005

(1) Other payables of €25,267 thousand as at 31 December 2021 relate primarily to retentions on payments to contractors for developments in Italy, Germany, Poland and Czech Republic.

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

In 2019, the Group initiated a disposal process to sell part of its portfolio in Poland comprising 6 yielding assets and land in Germany and Bulgaria. Accordingly, the related part of portfolio was presented as assets and liabilities held for sale in the Group consolidated financial statements as of 31 December 2019. All of these expected sales were realized in 2020 and resulted in an accounting gain of €5,027 thousand and generated cash proceeds of €161,790 thousand. For further information please refer to Note 4.5.

In 2020, the Group initiated the sale of 16 assets in 7 countries (Germany, Czech Republic, Spain, Poland, Italy, France and the Netherlands), which were presented as assets and liabilities held for sale together with land in Romania. In May 2021, the Group signed sale and purchase agreements with a buyer for an aggregate property value of €255.6 million, which was completed at the end of July 2021. Furthermore, the Group sold 1 asset in Germany and land in Romania.

During 2021, the Group was also actively pursuing a sale of one park and land in Poland and two properties in Belgium, which are presented as assets held for sale, as all is expected to be sold as an asset deal.

As at 31 December 2021, 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 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

	31 December 2021	31 December 2020
Investment property	186,138	251,938
Investment property under construction	-	-
Other non-current assets	-	1,073
Right-of-use assets	-	11,061
Deferred tax asset	-	422
Trade receivables	-	1,688
Tax receivables	-	160
Prepayments	-	228
Other current assets	-	273
Total	186,138	266,843

Liabilities directly associated with assets held for sale

In € thousand

	31 December 2021	31 December 2020
Deferred rental income	-	902
Tenant deposits	-	651
Deferred tax liability	-	20,008
Trade payables	-	460
Accruals	-	631
Tax liabilities	-	901
Other long-term liabilities*	-	12,216
Total	-	35,769

* Other long-term liabilities include Lease liability of €11,101 thousand.

5.23. Contingent assets and liabilities

In December 2017, the Group granted an option to 25 external investors of one of the Group's subsidiaries relating to the sale of shares described in Note 5.14. The option represents a right to sell back the shares to the Group in April 2024. The future liability arising from this option was initially recognised in the consolidated financial statements as at 31 December 2021 in the amount of €6,413 thousand corresponding to discounted liability. Nothing was recognised as at 31 December 2020 for the reasons described in Note 5.14 and as such it represented a contingent liability in 2020.

In 2021, as part of completion of the disposal deal, the Group has provided rent guarantee on selected properties for maximum compensation of €3,000 thousand, out of which €573.7 thousand was due in 2021 and the remaining amount of €2,426 thousand was recognised as the provision recognised within other payables and presented together with cost on asset sold.

Bank guarantees

As of 31 December 2021, the Group had outstanding bank guarantees with third parties as beneficiary for a total amount of €7,244 thousand.

5.24. Cash flow hedge accounting using financial liabilities as hedging instruments

Lease contracts with customers are generally concluded in EUR. To minimize foreign currency risk the Group decided to finance its real estate acquisitions through EUR denominated loans (external loans provided by third parties that are consequently transferred to operating subsidiaries in non-EUR countries). This minimizes foreign currency risk resulting from movements of EUR in non-EUR countries (Czech Republic, Poland and Romania) in terms of collection of rental payments and instalments of loans being executed in EUR. To eliminate adverse impacts of foreign currency revaluation of loans used to finance subsidiaries in non-EUR countries (loan balances are revalued using the spot exchange rate, whereas the foreign currency risk related to rental income affects profit or loss only in the period when the income is recognised in the profit or loss) cash flow hedge models were introduced starting in January 2021. Part of the future rental income considered as highly probable is designated as the hedged item. The hedged item is designated only up to the amount of the designated hedging instrument. The hedged ration is therefore 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item (prospective effectiveness) based on the currency, amount and timing of their respective cashflows/hedged periods. The Group further assesses whether the hedging instrument designated in each hedging relationship is highly effective (retrospective effectiveness) based on the comparison of the change in cash flows of the hedged item and the hedging instrument. In these hedging relationships, the following sources of ineffectiveness were identified:

- the effect of the counterparties' credit risk; however, the Group considers this risk as not significant;
- changes in the timing or amounts of the hedged transactions; the Group does not consider this source of ineffectiveness as substantive as only a part of the future rental income is designated as the hedged item.

At 31 December 2021, the Group held the following instruments to hedge exposures to changes in foreign currency rates, the amounts related to items designated as hedging instruments and hedge ineffectiveness were as follows (the Group did not apply hedge accounting in 2020):

In € thousand

Foreign currency risk	Carrying amount of the hedging proportion of the designated loans - liabilities	Maturity of the hedging instruments	Average hedged foreign currency rate	Line item in the statement of financial position where the hedging instrument is included
Interest-bearing loans and borrowings	1,008,707*	22.12.2026 at the latest	CZK/EUR: 26,25 PLN/EUR: 4,61 RON/EUR: 4,87	External long-term borrowings External short-term borrowings

* The total balance consists of €534,221 thousand related to the entities in the Czech Republic, €335,995 thousand related to entities in Poland and €138,491 thousand related to entities in Romania.

In € thousand

2021

Foreign currency risk	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
Interest-bearing loans and borrowings	29,353	-	-	1,088	External and other financial costs

The amounts at the reporting date 31 December 2021 relating to items designated as hedged items were as follows (the Group did not apply hedge accounting in 2020).

In € thousand

Foreign currency risk	Change in value used for calculating hedge ineffectiveness	Cash flow reserve	Balances in cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
Rental income	(29,353)	29,353	-

The following table provides a reconciliation for foreign currency risk of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting (the Group did not apply hedge accounting in 2020).

In € thousand

Hedging reserve	31 December 2021
Balance at 1 January 2021	--
Gain or loss on the hedging instruments	30,441
Amount reclassified to profit or loss	(1,088)
Tax in movements on reserves during the year	(4,209)
Balance at 31 December 2021	25,144

6. LEASES

6.1. The Group as a lessee

The Group has following types of leases as a lessee: ground lease (primarily from the acquisitions in 2020), offices and cars.

For transition to IFRS 16 cumulative catch-up approach was used measuring the right-of-use asset at an amount equal to the lease liability. The weighted average incremental borrowing rate applied to lease liabilities recognised at the date of initial application is 0.75% p.a.

If indexation applies as a variable lease component in office lease agreements, modification is recognised if the impact from the new payment exceeds 5% from the latest recognised value.

Right-of-Use Asset and Investment Property Right-of-Use Assets

In € thousand

	Ground lease*	Offices and parking	Cars	Office equipment	Total
At 1 January 2021	94,728	4,558	1,219	2	100,507
Additions	3,649	840	607	-	5,097
Modifications and disposals	-	(331)	(18)	-	(350)
Depreciation expense	(2,087)	(1,186)	(639)	(2)	(3,914)
Transfer to Assets held for sale	-	-	-	-	-
Translation Difference	-	(33)	-	-	(33)
At 31 December 2021	96,290	3,848	1,169	-	101,307

* The ground lease represents Investment property – right-of-use as presented in the consolidated statements of financial position.

In € thousand

	Ground lease*	Offices and parking	Cars	Office equipment	Total
At 1 January 2020	-	3,238	1,192	4	4,434
Additions	106,502	2,390	568	-	109,460
Modifications	-	(114)	-	-	(114)
Depreciation expense	(713)	(917)	(541)	(2)	(2,173)
Transfer to Assets held for sale	(11,061)	-	-	-	(11,061)
Translation Difference	-	(39)	-	-	(39)
At 31 December 2020	94,728	4,558	1,219	2	100,507

* The ground lease represents Investment property – right-of-use as presented in the consolidated statements of financial position.

Lease liability

In € thousand

	Under 1 year	1 – 5 years	Over 5 years	Total
Lease liability	3,985	9,601	88,309	101,895
Lease liability – held for sale	-	-	-	-
As at 31 December 2021	3,985	9,601	88,309	101,895

	Under 1 year	1 – 5 years	Over 5 years	Total
Lease liability	3,192	9,936	87,068	100,196
Lease liability – held for sale	462	1,883	8,756	11,101
As at 31 December 2020	3,654	11,819	95,824	111,297

6.2. The Group as a lessor

In € thousand

Operating leases*	31 December 2021	31 December 2020
Repayable on demand, up to 1 year	328,367	262,404
1 – 2 years	278,385	217,035
2 – 3 years	228,611	172,282
3 – 4 years	186,786	132,003
4 to 5 years	139,297	102,207
Over 5 years	440,216	370,192
Total	1,601,662	1,256,123

* The balances represent the undiscounted lease payments to be received.

Operating leases where Group acts as lessor represent leases of logistic properties which together with development and management represent its core business.

7. RELATED PARTIES

In accordance with IAS 24, the Group identified the following related parties as relevant:

- The Managers of the Group and subsidiary companies
- All companies controlled by the Company (refer to Note 10 outlining the Group Structure)
- 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 31 December 2021, the Group has loans from Euro Vitus Private Limited, with an outstanding balance of €1,000,903 thousand (2020: €1,441,023 thousand) (see Note 5.15), of which €22,656 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. The shareholder borrowings are subordinated loans with tenors exceeding 20 years.

Further, as of 31 December 2021, the Group accounted for guarantee fee for the year 2021 provided by related party Europe Realty Holdings Pte Ltd (for providing parental guarantee over the bank borrowings of the Group). The guarantee fee is amounting to €74,996 thousand (2020: €70,056 thousand). The total amount outstanding of €19,925 thousand (2020: €186,735 thousand) is presented under loans from related parties in Note 5.15.

Transactions with key management personnel

Any remuneration to the key management is provided and accounted for as standard compensation costs that are shown in the table below.

In € thousand

	2021	2020
Compensation of key management	6,818	6,227

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 0.3978% out of the total external shareholding of 2.5847%. More details on this transaction can be found in Note 5.14.

The terms and conditions of these transactions described above were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related companies on an arm's length basis.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

8.1. Overview

The primary business activity of the Group is development and acquisition of real estate logistics properties, and the creation of value through active asset management.

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 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)

8.2. 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. The table below shows sensitivity analysis of the potential impact of market risk on property valuations in each country where the Group has invested.

Rental market risks relate to the use of the property, the tenant mix, the credit standing of the tenants, the vacancy rate, the ability to increase rents and the recoverability of running costs. Through its local internal asset management activities, the Group is constantly managing controllable risk factors, and is focused on proactively mitigating these risks where possible. The Group's Asset Management Committee monitors and manages the overall tenant structure, reviews any material changes to the credit standing of significant tenants, and analyses any current or pending changes in vacancy rates in each market.

The analysis below shows the potential change in value of the Group's portfolio based on changes in capital yields in each country where the Group owns investment property. The analysis shows the increase/decrease in portfolio value if capital yields decrease/increase by 25 and 50 basis points. The calculation is performed separately for each property and the table shows the aggregate potential change by country in absolute figures. The average capital yield in the Group is approximately 4.65%, and the individual capital yields vary from 2.90% to 7.89% in accordance with market conditions in each country. Table below shows the changes in fair value of investment properties and investment properties under construction as of 31 December 2021 and 2020 if the

yield is +/- 50 basis points and +/- 25 basis points (b.p.). Investment properties in Bulgaria and Serbia were not considered due to immateriality.

In € thousand

Equivalent yield – sensitivity				
31 December 2021	-50b.p.	-25b.p.	+25b.p.	+50b.p.
Czech Republic	174,753	82,670	(74,630)	(142,337)
Germany	328,437	153,766	(136,403)	(258,227)
France	32,597	15,235	(13,475)	(25,479)
Italy	80,287	37,407	(32,919)	(62,111)
Netherlands	48,125	22,603	(20,158)	(38,247)
Poland	68,351	32,611	(29,875)	(57,346)
Slovakia	42,716	20,324	(18,529)	(35,492)
Spain	98,922	46,534	(41,610)	(79,039)
Romania	21,266	10,199	(9,428)	(18,170)
Other	6,276	2,969	(2,682)	(5,115)
Total	901,729	424,318	(379,709)	(721,562)

Out of which

Investment property under construction	20,885	9,824	(8,784)	(16,685)
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In € thousand

Equivalent yield – sensitivity				
31 December 2020	-50b.p.	-25b.p.	+25b.p.	+50b.p.
Czech Republic	131,191	62,537	(57,202)	(109,724)
Germany	270,849	127,370	(113,830)	(216,170)
France	25,061	11,873	(10,746)	(20,518)
Italy	40,227	19,017	(17,147)	(32,687)
Netherlands	26,127	12,405	(11,268)	(21,549)
Poland	46,666	22,381	(20,692)	(39,879)
Slovakia	27,751	13,318	(12,328)	(23,773)
Spain	66,063	31,311	(28,357)	(54,160)
Romania	16,001	7,739	(7,265)	(14,098)
Total	649,936	307,951	(278,836)	(532,559)

Out of which

Investment property under construction	12,559	5,957	(5,403)	(10,324)
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Tables below shows the changes in fair value of investment properties as of 31 December 2021 and 2020 if the market rent is fluctuating between +8% to -8%.

In € thousand

Market rent sensitivity								
31 December 2021	+8%	+6%	+4%	+2%	-2%	-4%	-6%	-8%
Czech Republic	122,774	92,081	61,387	30,694	(30,694)	(61,387)	(92,081)	(122,774)
Germany	193,276	144,957	96,638	48,319	(48,319)	(96,638)	(144,957)	(193,276)
France	18,668	14,001	9,334	4,667	(4,667)	(9,334)	(14,001)	(18,668)
Italy	43,899	32,924	21,949	10,975	(10,975)	(21,949)	(32,924)	(43,899)
Netherlands	29,816	22,362	14,908	7,454	(7,454)	(14,908)	(22,362)	(29,816)
Poland	56,986	42,740	28,493	14,247	(14,247)	(28,493)	(42,740)	(56,986)
Slovakia	33,578	25,184	16,789	8,395	(8,395)	(16,789)	(25,184)	(33,578)
Spain	62,919	47,189	31,459	15,730	(15,730)	(31,459)	(47,189)	(62,919)
Romania	19,965	14,974	9,983	4,991	(4,991)	(9,983)	(14,974)	(19,965)
Other	4,418	3,313	2,210	1,103	(1,103)	(2,210)	(3,313)	(4,418)
Investment property under construction	13,276	9,957	6,638	3,319	(3,319)	(6,638)	(9,957)	(13,276)
Total	599,575	449,682	299,788	149,894	(149,894)	(299,788)	(449,682)	(599,575)

In € thousand

Market rent sensitivity								
31 December 2020	+8%	+6%	+4%	+2%	-2%	-4%	-6%	-8%
Czech Republic	107,289	80,467	53,644	26,822	(26,822)	(53,644)	(80,467)	(107,289)
Germany	171,324	128,493	85,662	42,831	(42,831)	(85,662)	(128,493)	(171,324)
France	18,110	13,583	9,055	4,528	(4,528)	(9,055)	(13,583)	(18,110)
Italy	27,903	20,927	13,951	6,976	(6,976)	(13,951)	(20,927)	(27,903)
Netherlands	19,676	14,757	9,838	4,919	(4,919)	(9,838)	(14,757)	(19,676)
Poland	43,871	32,903	21,935	10,968	(10,968)	(21,935)	(32,903)	(43,871)
Slovakia	26,536	19,902	13,268	6,634	(6,634)	(13,268)	(19,902)	(26,536)
Spain	48,097	36,073	24,048	12,024	(12,024)	(24,048)	(36,073)	(48,097)
Romania	18,972	14,229	9,486	4,743	(4,743)	(9,486)	(14,229)	(18,972)
Investment property under construction	9,280	6,960	4,642	2,320	(2,320)	(4,642)	(6,960)	(9,280)
Total	491,058	368,294	245,529	122,765	(122,765)	(245,529)	(368,294)	(491,058)

We assume transaction costs to be 1%. If the assumption increases (decreases) by 50 basis points, the fair value of investment property decreases (increases) by €36,643 thousand.

8.3. 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 has, for a portion of its debt, entered interest rate caps to secure the maximum amount of interest paid, calculated by reference to an agreed-upon notional principal amount.

At 31 December 2021, 14% of the Group's bank borrowings are hedged under caps (31 December 2020: 18% were hedged by caps). The Group constantly monitors its exposure to interest rate risk and adjusts its hedging strategy accordingly. After the end of the reporting period the fixed interest debt ratio has increased with the issuance of €1.0 billion of bonds with fixed coupon, and proceeds used to prepay floating rate debt.

The analysis below shows the potential impact on the consolidated statement of comprehensive income of the Group from a change in interest rates of +/- 10 basis points. This analysis is prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and derivatives is constant and using the hedge designations in place at the reporting date. The impact on the consolidated statement of comprehensive income arises from the effect of the assumed changes in interest rates on finance income less finance costs for one year, based on the floating rate financial liabilities held at the reporting date, including the effect of hedging instruments:

In € thousand

	Increase / (decrease) in basis points	Effect on profit
Year ended 31 December 2021		
EURIBOR	+10	3,050
EURIBOR	-10	(3,050)

In € thousand

	Increase / (decrease) in basis points	Effect on profit
Year ended 31 December 2020		
EURIBOR	+10	3,000
EURIBOR	-10	(3,000)

8.4. 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. For additional information about credit risk see Note 5.9.

Cash and cash equivalents

Credit risk arising from cash and cash equivalents relates to the default of a counterparty with a maximum exposure equal to the carrying amount of these instruments. P3 invests its liquidity in a manner which minimizes the risk and primarily placed on bank accounts and in short term deposits, in which the counterparties are commercial banks participating in the Group's credit agreements.

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 A-/A3or equivalent.

Derivatives

The derivatives are entered with financial institutions, which are rated A-/A3 or equivalent.

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

In € thousand

31 December	Carrying amount				Maximum exposure	
	Fair value - hedging instruments		Financial assets at amortised costs		2021	2020
	2021	2020	2021	2020		
Financial assets measured at fair value						
Derivatives	3	8	-	-	3	8
Financial assets not measured at fair value						
Trade receivables	-	-	24,787	29,051	24,787	29,051
Other current assets	-	-	33,235	23,030	33,235	23,030
Prepayments	-	-	7,378	10,307	7,378	10,307
Restricted cash	-	-	2,297	3,567	2,297	3,567
Cash and cash equivalents	-	-	78,144	151,979	78,144	151,979

8.5. Liquidity risk

The Group monitors cash balances in all Group companies on both 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 Group Treasury is responsible for ensuring sufficient liquidity for future acquisitions, development projects, debt service and other ad hoc cash requirements. The Group has access to additional funding for new development projects through the committed revolving credit facility.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

In € thousand

31 December 2021	Under 1 year	1 - 5 years	Over 5 years	Total
Non-derivative financial liabilities:				
Trade and other payables	669,002	149,341	-	818,343
Interest-bearing loans and borrowings*	1,350,547	2,313,571	1,020,827	4,684,945
Derivative financial instruments:				
Financial derivatives	-	-	-	-
Total	2,019,549	2,462,912	1,020,827	5,503,288

In € thousand

31 December 2020	Under 1 year	1 - 5 years	Over 5 years	Total
Non-derivative financial liabilities:				
Trade and other payables	587,534	135,959	-	723,493
Interest-bearing loans and borrowings*	65,367	3,226,246	1,627,758	4,919,371
Derivative financial instruments:				
Financial derivatives	-	-	-	-
Total	652,901	3,362,205	1,627,758	5,642,864

* Interest-bearing loans and borrowings include expected interest payments based on the maturity schedules. For purposes of liquidity risk disclosure, loans from related parties are forecasted to be paid after 5 years.

Trade and other payables include also committed construction works on the current developments of value €451,808 thousand (31 December 2020: €421,217 thousand).

8.6. 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 amortised cost	Financial liabilities at amortised cost	Total	
31 December 2021					
Financial assets measured at fair value					
Derivatives	3	-	-	3	3
Financial assets not measured at fair value					
Rent and other receivables	-	236,170	-	236,170	236,170
Cash and short-term deposits	-	80,441	-	80,441	80,441
Financial liabilities measured at fair value					
Derivatives	-	-	-	-	-
Financial liabilities not measured at fair value					
Interest-bearing loans and borrowings	-	-	4,467,108	4,467,108	4,467,108
Deposits from tenants	-	-	17,386	17,386	17,386
Trade and other payables	-	-	349,150	349,150	349,150

In € thousand

	Carrying amount			Fair value	
	Fair value - hedging instruments	Financial assets at amortised cost	Financial liabilities at amortised cost	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

8.7. Foreign currency risk

Approximately 61% of the Group's Investment property portfolio and operations are in the Eurozone, 23% in the Czech Republic, 11% 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.

9. SUBSEQUENT EVENTS

Financing activities

On January 17th the Group published its BBB credit rating from S&P, its € 5 billion EMTN programme and its Green Financing Framework. On January 19th the Group issued two €500 million Green senior unsecured bonds across 4 and 7-year tenors, carrying a fixed coupon of 0.875% and 1.625% respectively. The notes are rated BBB by S&P and are traded on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange. The Group used the proceeds from bonds for settlement of bank loans of €900 million.

The Group drew down €50 million from Revolving Credit Facility in March 2021 to finance development projects.

Acquisitions and Disposals of assets

In March 2022, the Group signed a conditional purchase agreement with a potential buyer on sale of 2 properties in Belgium. The Group expects to complete the transaction in the coming months.

Change in Management Board

In February 2022, the Management named Thilo Kusch its Chief Financial Officer.

In March 2022, Denise Grant resigned as a Board member of P3 Group S.à.r.l. and Ms. Chih Lin Du was appointed with effect from 19.2.2022.

Conflict in Ukraine

Based on assessment of risks associated with the current situation in Ukraine, the Group did not identify any risks, which could materially impact our performance. As at the date of publication of these consolidated financial statements, the management found minimal direct disruption although future indirect repercussions of economic sanctions and geopolitical instability are yet to be fully understood. The Group has no assets or operations in currently affected countries and is not aware about any material impact affecting our business with tenants. With respect to early stage of the overall situation, the Management will continue to monitor potential adverse impact and take appropriate mitigation measures.

10. GROUP STRUCTURE

The following table outlines the list of consolidated entities as of 31 December 2021

Name of company	Function (code)	2021 Participation %	2020 Participation %	Comments	Functional Currency	Country
P3 Belgium HoldCo S.A.	HC	100%	100%		EUR	Belgium
P3 Prague D8 s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Prague D1 s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Prague Horní Počernice 1 s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Prague Horní Počernice 2 s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Prague Green Park s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Turnov s.r.o.	AC	0%	100%	sold 2021	CZK	Czech Republic
P3 Prague Blue Park s.r.o.	AC	0%	100%	sold 2021	CZK	Czech Republic
P3 Přešovice s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Liberec Park I s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Liberec Park s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Mladá Boleslav Park s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Hradec Králové Park s.r.o.	AC	0%	100%	sold 2021	CZK	Czech Republic
P3 Předlice Park s.r.o.	AC	0%	100%	sold 2021	CZK	Czech Republic
P3 Olomouc Park s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Plzeň Park s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Lovosice Park s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Prague D11 s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Czech HoldCo a.s.	HC	100%	100%		CZK	Czech Republic
P3 Czech&Slovakia a.s.	HC	100%	100%		CZK	Czech Republic
P3 Poland I a.s.	HC	100%	100%		CZK	Czech Republic
P3 Spain a.s.	HC	100%	100%		CZK	Czech Republic
P3 France I a.s.	HC	100%	100%		CZK	Czech Republic
P3 Spain II s.r.o.	HC	100%	100%		CZK	Czech Republic
P3 Lovosice s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Prague D6 s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Ostrava s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Liberec Park II s.r.o.	AC	100%	100%		CZK	Czech Republic
P3 Plzeň Myslinka a.s.	AC	100%	0%	new 2021	CZK	Czech Republic
P3 Chomutov Park s.r.o. - not used for project-	AC	100%	0%	new 2021	CZK	Czech Republic
P3 Mýto D5 s.r.o.	AC	100%	0%	new 2021	CZK	Czech Republic
P3 Logistic Parks s.r.o.	MC	100%	100%		CZK	Czech Republic
SEIP Immo SCI	AC	100%	100%		EUR	France
Second Euro Industrial Properties - Bondoufle SAS	AC	100%	100%		EUR	France
Second Euro Industrial Properties - Bretigny SAS	AC	100%	100%		EUR	France
Second Euro Industrial Properties - Eragny SAS	AC	100%	100%		EUR	France
SPV IBE	HC	100%	100%		EUR	France
P3 Montpellier	AC	100%	100%		EUR	France
P3 Rouen	AC	100%	0%	new 2021	EUR	France
P3 Seclin	AC	100%	0%	new 2021	EUR	France
P3 Denain SAS	AC	100%	0%	new 2021	EUR	France
P3 Laon SAS	AC	100%	0%	new 2021	EUR	France
P3 Logistic Parks S.A.S.	MC	100%	100%		EUR	France
FE IPF Kamen GmbH	AC	100%	100%		EUR	Germany
FE IPF Mörfelden GmbH	AC	100%	100%		EUR	Germany
FE IPF Bedburg GmbH	AC	100%	100%		EUR	Germany
Kamen Intermediate GmbH	HC	100%	100%		EUR	Germany

Mörfelden Intermediate GmbH	HC	100%	100%		EUR	Germany
Bedburg Intermediate GmbH	HC	100%	100%		EUR	Germany
Euro First Industrial Properties GmbH	HC	100%	100%		EUR	Germany
FE IPF Kamen Betriebsgesellschaft GmbH	HC	100%	100%		EUR	Germany
P3 Real Estate General Partner GmbH	HC	100%	100%		EUR	Germany
P3 Real Estate Holding GmbH & Co. KG	HC	100%	100%		EUR	Germany
LCN Real Estate 1 Germany GmbH	AC	100%	0%	new 2021	EUR	Germany
P3 Logistic Parks GmbH	MC	100%	100%		EUR	Germany
P3 HoldCo IV DE III GmbH	HC	100%	100%		EUR	Germany
P3 Rastatt GmbH & Co. KG	AC	100%	100%		EUR	Germany
P3 Calvenzano Società a Responsabilita' Limitata	AC	0%	100%	Sold 2021	EUR	Italy
P3 Fagnano S.r.l.	AC	100%	100%		EUR	Italy
P3 Brignano Società a Responsabilita' Limitata	AC	100%	100%		EUR	Italy
P3 Castel San Giovanni Società a Responsabilita' Limitata	AC	100%	100%		EUR	Italy
P3 Borgo Reno S.r.l.	AC	100%	100%		EUR	Italy
P3 Castelguglielmo S.r.l.	AC	100%	100%		EUR	Italy
P3 Sala Bolognese S.r.l.	AC	100%	100%		EUR	Italy
P3 Ardea S.r.l.	AC	100%	100%		EUR	Italy
P3 Fiano S.r.l.	AC	100%	100%		EUR	Italy
P3 Altedo S.r.l.	AC	100%	100%		EUR	Italy
P3 San Salvo S.R.L.	AC	100%	0%	new 2021	EUR	Italy
P3 Italy SPV I S.R.L.	AC	100%	0%	new 2021	EUR	Italy
P3 Italy SPV II S.R.L.	AC	100%	0%	new 2021	EUR	Italy
P3 Logistic Parks S.r.l.	MC	100%	100%		EUR	Italy
AEID II (Lux) Holding Company S.à r.l.	HC	100%	100%		EUR	Luxembourg
P3 Logistic Parks S.à r.l.	MC	100%	100%		EUR	Luxembourg
Point Parks Bulgaria S.à.r.l.	HC	100%	100%		EUR	Luxembourg
AFD Saint Martin C.S.à r.l.	AC	100%	100%		EUR	France
AFD Rivesaltes A.S.à r.l.	AC	100%	100%		EUR	France
AFD Le Pouzin A.S.à r.l.	AC	100%	100%		EUR	France
Second Euro Industrial Properties S.à r.l.	HC	100%	100%		EUR	Luxembourg
Second Euro Industrial Unna S.à r.l.	AC	100%	100%		EUR	France
Second Euro Industrial Dreieich, S.à r.l.	AC	100%	100%		EUR	Germany
First Euro Industrial Properties S.à r.l.	HC	100%	100%		EUR	Luxembourg
First Euro Industrial Properties III S.à r.l.	AC	100%	100%		EUR	Germany
LP ONE HALBERGMOOS SARL	AC	100%	100%		EUR	Germany
LP THREE DARMSTADT SARL	AC	100%	100%		EUR	Germany
P3 Group S.à.r.l.	HC	100%	100%		EUR	Luxembourg
P3 Rieste S.à r.l.	AC	100%	100%		EUR	Germany
P3 Gottfrieding S.à r.l.	AC	100%	100%		EUR	Germany
P3 Bedburg S.à r.l.	AC	100%	100%		EUR	Germany
P3 Kamen S.à r.l.	AC	100%	100%		EUR	Germany
P3 Obertraubling S.à r.l.	AC	100%	100%		EUR	Germany
P3 Horb S.à r.l.	AC	100%	100%		EUR	Germany
P3 Pfungstadt S.à r.l.	AC	100%	100%		EUR	Germany
P3 Hanau S.à r.l.	AC	100%	100%		EUR	Germany
P3 Friedrichsdorf S.à r.l.	AC	100%	100%		EUR	Germany
AEPF III 49 S.à r.l. S.à.r.l.	AC	0%	100%	sold 2021	EUR	Germany
P3 Park Hamburg North S.à r.l.	AC	100%	100%		EUR	Germany
P3 Allersberg S.à r.l.	AC	100%	100%		EUR	Germany
P3 HoldCo IV S.à r.l.	HC	100%	100%		EUR	Luxembourg
P3 Urban HoldCo S.à r.l.	HC	100%	100%		EUR	Luxembourg
P3 Urban Germany S.à r.l.	AC	100%	100%		EUR	Germany
P3 HoldCo IV Holding II S.à.r.l.	HC	100%	100%		EUR	Luxembourg

P3 HoldCo IV Holding I S.á.r.l.	HC	100%	100%		EUR	Luxembourg
P3 HoldCo IV SK S.á.r.l.	HC	100%	100%		EUR	Slovak Republic
P3 Aschaffenburg S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Berlin West II S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Berlin West I S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Bergkamen S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Osnabrück S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Cologne S.á.r.l.	AC	100%	100%		EUR	Germany
P3 HoldCo IV LUX S.á.r.l.	HC	100%	100%		EUR	Luxembourg
P3 Reichenbach S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Regensburg North S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Bruck an der Leitha S.á.r.l.	AC	100%	100%		EUR	Austria
P3 Hannover S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Spijkenisse S.á.r.l.	AC	100%	100%		EUR	Netherlands
P3 Antwerp S.á.r.l.	AC	100%	100%		EUR	Belgium
P3 Waalhaven S.á.r.l.	AC	100%	100%		EUR	Netherlands
P3 Wemding S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Kaiserslautern S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Waghäusel S.á.r.l.	AC	100%	100%		EUR	Germany
P3 Fos S.á.r.l.	AC	100%	100%		EUR	Austria
P3 Echt S.á.r.l.	AC	100%	100%		EUR	Netherlands
P3 Ansbach S.á.r.l.	AC	100%	100%		EUR	Germany
P3 SPV I S.á.r.l.	AC	100%	100%		EUR	Luxembourg
P3 SPV II S.á r.l.	AC	100%	0%	new 2021	EUR	Luxembourg
P3 SPV III S.á r.l.	AC	100%	0%	new 2021	EUR	Luxembourg
P3 SPV IV S.á r.l.	AC	100%	0%	new 2021	EUR	Luxembourg
P3 SPV V S.á r.l.	AC	100%	0%	new 2021	EUR	Luxembourg
P3 SPV VI S.á r.l.	AC	100%	0%	new 2021	EUR	Luxembourg
RE Alpha S.á r.l.	HC	100%	100%		EUR	Luxembourg
Calisto Blue 1 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 2 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 3 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 4 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 5 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 6 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 8 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 9 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 10 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 11 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 12 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 14 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 15 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 17 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 20 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 21 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 22 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 25 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 26 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 27 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 28 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 29 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 30 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 31 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 33 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 34 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 35 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 36 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 37 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 38 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 39 B.V.	AC	100%	100%		EUR	Netherlands

Calisto Blue 40 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue 41 B.V.	AC	100%	100%		EUR	Netherlands
Calisto Blue Holding 3 B.V.	HC	100%	100%		EUR	Netherlands
Calisto Blue Holding 2 B.V.	HC	100%	100%		EUR	Netherlands
Second Euro Ridderkerk Real Estate B.V.	AC	100%	100%		EUR	Netherlands
Second Euro Westpoint Real Estate B.V.	AC	100%	100%		EUR	Netherlands
Second Euro B+W Real Estate B.V.	AC	100%	100%		EUR	Netherlands
P3 Roosendaal B.V.	AC	100%	100%		EUR	Netherlands
Second Euro Netherlands Holding B.V.	HC	100%	100%		EUR	Netherlands
P3 HoldCo IV PL I B.V.	HC	100%	100%		PLN	Poland
P3 HoldCo IV NL Support B.V.	HC	100%	100%		EUR	Netherlands
P3 HoldCo IV PL II B.V.	HC	100%	100%		PLN	Poland
P3 HoldCo IV DE I B.V.	HC	100%	100%		EUR	Germany
P3 HoldCo IV DE II B.V.	HC	100%	100%		EUR	Germany
P3 Logistic Parks B.V.	MC	100%	0%	new 2021	EUR	Netherlands
P3 Poznań Park sp. z o.o.	AC	100%	100%		PLN	Poland
P3 Mszczonów Park sp. z o.o.	AC	100%	100%		PLN	Poland
P3 Piotrkow Park sp. z o.o.	AC	100%	100%		PLN	Poland
P3 Blonie Park sp. z o.o.	AC	100%	100%		PLN	Poland
P3 Poznań II sp. z o.o.	AC	100%	100%		PLN	Poland
P3 Warsaw sp. z o.o.	AC	100%	100%		PLN	Poland
P3 Zabrze sp. z o.o.	AC	100%	100%		PLN	Poland
P3 Wrocław sp. Z.o.o.	AC	100%	0%	new 2021	PLN	Poland
P3 Logistic Parks sp. z o.o.	MC	100%	100%		PLN	Poland
P3 Last Mile TRI Sp.z.o.o.	AC	100%	100%		PLN	Poland
P3 Warsaw III Sp.z.o.o.	AC	100%	100%		PLN	Poland
P3 Warsaw IV Sp.z.o.o.	AC	100%	100%		PLN	Poland
P3 Łódź I Sp.z.o.o.	AC	100%	100%		PLN	Poland
Junius Sp.z.o.o.	AC	0%	100%	sold 2021	PLN	Poland
P3 Bucharest Alpha S.A.	AC	100%	100%		RON	Romania
P3 Bucharest Beta S.A.	AC	100%	100%		RON	Romania
P3 Bucharest Gamma S.A.	AC	100%	100%		RON	Romania
P3 Bucharest Delta S.A.	AC	100%	100%		RON	Romania
P3 Bucharest Infrastructura S.A.	AC	100%	100%		RON	Romania
P3 Logistic Parks Romania Management SRL	MC	100%	100%		RON	Romania
P3 Parks d.o.o. Beograd	MC	100%	100%		RSD	Serbia
P3 Bratislava Park s.r.o.	AC	100%	100%		EUR	Slovak Republic
P3 Žilina s.r.o.	AC	100%	100%		EUR	Slovak Republic
P3 Bratislava Airport s.r.o.	AC	100%	100%		EUR	Slovak Republic
P3 Bratislava Cargo s.r.o.	AC	100%	100%		EUR	Slovak Republic
P3 Logistic Parks Slovakia s.r.o.	MC	100%	100%		EUR	Slovak Republic
3 Senec I s.r.o.	AC	100%	100%		EUR	Slovak Republic
P3 Senec II s.r.o.	AC	100%	100%		EUR	Slovak Republic
P3 Abrera Park S.L.	AC	97.42%	100%		EUR	Spain
P3 Spain Investments S.L.U.	AC	0%	100%	sold 2021	EUR	Spain
P3 Spain Logistic Parks SOCIMI, S.A.U.	HC	97.42%	93.42%		EUR	Spain
P3 Villanueva Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Zaragoza Plaza Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Quer Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Seseña Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Massalaves Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 CLA Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Loeches Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Toledo Benquerencia Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 San Marcos Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Bilbao Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Villanueva Park Solar Electric, S.L.U.	AC	97.42%	93.42%		EUR	Spain

P3 Getafe Los Olivos Park, S.L.U.	AC	97.42%	93.42%		EUR	Spain
P3 Illescas Park S.L.U.	AC	97.42%	100%		EUR	Spain
P3 Algemesi Park, S.L.U.	AC	97.42%	100%		EUR	Spain
P3 ILLESCAS LA SAGRA PARK, S.L.	AC	97.42%	100%		EUR	Spain
P3 Illescas Sky S.L.U.	AC	97.42%	100%		EUR	Spain
P3 Onda Park SL	AC	100%	100%		EUR	Spain
P3 Illescas SUR S.L.U.	AC	100%	0%	new 2021	EUR	Spain
P3 Torija Alfa Park, S.L.U.	AC	97.42%	0%	new 2021	EUR	Spain
P3 Torija Beta Park, S.L.U.	AC	97.42%	0%	new 2021	EUR	Spain
P3 Ontígola Park, S.L.U.	AC	97.42%	0%	new 2021	EUR	Spain
P3 Fontanar Park, S.L.U.	AC	97.42%	0%	new 2021	EUR	Spain
P3 Parets Park, S.L.U.	AC	97.42%	0%	new 2021	EUR	Spain
P3 Castellet Park, S.L.U.	AC	97.42%	0%	new 2021	EUR	Spain
P3 Logistic Parks Iberia S.L.U.	MC	100%	100%		EUR	Spain
K Company EOOD	AC	0%	100%	liquidated in 2021	BGN	Serbia
P3 Logistic Parks Limited	MC	0%	100%	liquidated in 2021	GBP	United Kingdom

Legend:

HC = Holding company

AC = Asset company

IC = Infrastructure company

MC = Management Company