Budhouse Group Limited

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditor's Report

31 December 2024

Contents

Board of Directors and other officers

Director

A-Zevs Finance Limited

Company Secretary

Despina Chrysanthou Dimitriou
11 Dimokritou Street, CY-3100
Limassol, Cyprus

Registered office

Griva Digeni Avenue
Panayides Building, 2nd Floor, Flat/Office 3(3)
CY-3030, Limassol
Cyprus

bakertilly

Corner C. Hatzopoulou &
30 Griva Digheni Avenue
1066, Nicosia
P.O Box 27783,
2433 Nicosia, Cyprus

T: +357 22 458500
F: +357 22 751648

info@bakertilly.com.cy
www.bakertilly.com.cy

Independent Auditor's Report

To the Members of Budhouse Group Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Budhouse Group Limited (the "Company") and its subsidiaries (the "Group"), which are presented in pages 5 to 43 and comprise the consolidated statement of financial position as at 31 December 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes of the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

(1) As at 31 December 2024 and as at 31 December 2023, the Group had investment property and property plant and equipment, which are measured at fair value, and are presented on the Consolidated Statement of Financial Position, at the value of USD208,201 thousand and USD3,131 thousand respectively, as at 31 December 2024, and USD211,110 thousand and USD3,380 thousand respectively, as at 31 December 2023. Furthermore, as at 31 December 2024 and 31 December 2023, the Group had an investment in associate, MVH Ukraine 3 Ltd, whose principal activity is the holding of investment property. The investment in associate is presented at the value of USD18,059 thousand as at 31 December 2024 and USD16,481 thousand as at 31 December 2023. The fair values of all properties have been determined by an independent appraiser using discounted future cash flows. The Group's operating environment is disclosed in Note 2. At the date of valuation, a material uncertainty exists at the real estate market in Ukraine, caused by the ongoing military conflict, and non-conclusion of comparable property sale transactions. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the reliability of the assumptions used to derive the fair values. Consequently, we were unable to determine whether any adjustments were necessary to the values of the aforementioned assets.

(2) As at 31 December 2024 and 31 December 2023, the Group's investment property includes Fabrika Shopping Mall, which is presented at the fair value of USD37,600 thousand and USD43,500 thousand, respectively. The Group's operating environment is disclosed in Note 2. Fabrika Shopping Mall is located at the territory that was occupied by Russian Federation from March 2022 to November 2022 and was significantly damaged as a result of the war (Note 15). The territory was de-occupied in November 2022, however, due to ongoing warfare it was not possible to appropriately assess the level of damages. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the reasonableness of the assumptions used in determining the fair values in respect of the amount of future capital expenditures required to rehabilitate this property. Consequently, we were unable to determine whether any adjustments were necessary to the value of the Fabrika Shopping Mall investment property.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the consolidated financial statements, which indicates that the current liabilities of the Group exceed its current assets by USD9,533 as at 31 December 2024. As stated in these events and conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors 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 Directors 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 Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 Directors.

- Conclude on the appropriateness of the Board of Directors' 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 auditor's report 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 auditor's report. 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 a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Andreas Pittakas
Certified Public Accountant and Registered Auditor
for and on behalf of

Baker Tilly Klitou and Partners Ltd
Certified Public Accountants and Registered Auditors
Corner C. Hatzopoulou & 30 Griva Digheni Avenue
1066 Nicosia
Cyprus

Nicosia, 30 May 2025

Budhouse Group Limited
Consolidated Statement of Financial Position
As at 31 December 2024

In thousands of US Dollars	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Investment property	7	208,201	211,110
Property, plant and equipment	8	3,131	3,380
Residential premises stock	10	14,938	15,498
Investments in associates	6,9	18,059	16,481
Long-term loans issued	6	12,470	14,089
Other non-current assets	11	4,903	4,456
Deferred tax asset	22	3,873	2,280
Total non-current assets		**265,575**	**267,294**
Current assets			
Loans issued short-term	6	17,448	15,793
Accounts receivable	12	8,239	9,151
Residential premises stock	10	1,192	1,225
Investments in financial assets		9,208	-
Cash and cash equivalents	13	3,967	16,730
Total current assets		**40,054**	**42,899**
TOTAL ASSETS		**305,629**	**310,193**
EQUITY			
Share capital	14	1	1
Share premium	14	166,901	166,901
Other reserves		(11,447)	(11,447)
Currency translation reserve		(21,901)	(18,704)
Retained earnings		48,122	51,296
Total equity		**181,676**	**188,047**
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	15	28,180	35,049
Long-term lease liabilities	16	1,408	1,598
Long-term accounts payable	17	17,518	17,679
Other long-term borrowings	15	9,770	4,311
Deferred tax liability	22	17,490	11,187
Total non-current liabilities		**74,366**	**69,824**
Current liabilities			
Short-term bank borrowings	15	38,572	37,839
Other short-term borrowings	15	23	38
Short-term lease liabilities	16	36	33
Accounts payable and other liabilities	17	10,956	14,412
Total current liabilities		**49,587**	**52,322**
TOTAL LIABILITIES AND EQUITY		**305,629**	**310,193**

Signed on behalf of Budhouse Group Limited on 30 May 2025:

Andrii Vishchurov, Director
on behalf of A-ZEVS FINANCE LIMITED

BUDHOUSE GROUP LIMITED

The accompanying notes set out on pages 9 to 43 form an integral part of these consolidated financial statements.

Budhouse Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024

In thousands of US Dollars	**Note**	**2024**	**2023**
Revenue	18	17,062	18,397
Direct property operating expenses	19	(4,740)	(4,772)
Cost of sales		(1,064)	(529)
Net income from operation of property		**11,258**	**13,096**
Net gains/(losses) on revaluation of investment properties	7	15,335	23,587
(Impairment)/reversal of impairment of property, plant and equipment	8	74	169
Other operating expenses	20	(9,767)	(7,592)
Other operating income		2,316	1,734
Operating profit/(loss)		**19,216**	**30,994**
Finance income	21	2,644	1,726
Finance expenses	21	(22,388)	(14,585)
Share of results of associates	6,9	3,385	2,278
Profit/(loss) before income tax		**2,857**	**20,413**
Income tax (expense)/credit	22	(6,031)	(5,314)
Profit/(loss) for the year		**(3,174)**	**15,099**
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		(3,197)	(204)
Total comprehensive income/(loss) for the year		**(6,371)**	**14,895**
Profit/(loss) for the year attributable to:			
- Owners of the Company		(3,174)	15,099
- Non-controlling interest		-	-
Profit for the year		**(3,174)**	**15,099**
Total comprehensive income/(loss) for the year attributable to:			
- Owners of the Company		(6,371)	14,895
- Non-controlling interest		-	-
Total comprehensive income for the year		**(6,371)**	**14,895**

The accompanying notes set out on pages 9 to 43 form an integral part of these consolidated financial statements.

Budhouse Group Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Attributable to owners of the Company						Non-con-trolling interest	Total equity
In thousands of US Dollars	Share capital	Share premiu627m (2)	Currency translation reserve (2)	Other reserves (2)	Retained Earnings (1)	Total		
Balance at 1 January 2023	**1**	**166,901**	**(18,500)**	**(11,447)**	**36,197**	**173,152**	**-**	**173,152**
Comprehensive loss								
Loss for the year	-	-	-	-	15,099	15,099	-	15,099
Other comprehensive loss								
Currency translation differences	-	-	(204)	-	-	(204)	-	(204)
Total comprehensive loss for the year	**-**	**-**	***(204)***		***15,099***	***14,895***	**-**	***14,895***
Balance at 31 December 2023	**1**	**166,901**	**(18,704)**	**(11,447)**	**51,296**	**188,047**	**-**	**188,047**
Comprehensive income								
Profit for the year	-	-	-	-	(3,174)	(3,174)	-	(3,174)
Other comprehensive loss								
Currency translation differences	-	-	(3,197)	-	-	(3,197)	-	(3,197)
Total comprehensive loss for the year	**-**	**-**	***(3,197)***	**-**	***(3,174)***	***(6,371)***	**-**	***(6,371)***
Balance at 31 December 2024	**1**	**166,901**	**(21,901)**	**(11,447)**	**48,122**	**181,676**	**-**	**181,676**

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defense of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defense at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the National Health System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defense is paid by the Company for the account of the shareholders.

(2) The share premium reserve, currency translation reserve and other reserves are not distributable by way of a dividend.

In thousands of US Dollars	Note	2024	2023
Cash flows from operating activities			
Profit before income tax		**2,857**	**20,413**
Adjustments for:			
Net gains on change in fair value of investment properties	7	(15,335)	(23,587)
Reversal of impairment of property, plant and equipment	8	(74)	(169)
Recovery of other non-current assets		-	2,034
Gain/Loss on sale of residential premises stock		484	(2,392)
Interest expense, including unwinding of discount	21	5,037	4,764
Gain from loan transfer		-	(509)
Interest income	21	(2,642)	(1,726)
Foreign exchange losses	21	17,354	9,821
Share of results of associates	9	(3,385)	(2,278)
Depreciation of property, plant and equipment and other non-current assets		232	459
Provision for expected credit loss	20	2,503	770
Loss on disposal of PPE		261	21
Loss on acquisition of subsidiaries		2,004	-
Loss on disposal of subsidiaries		(260)	-
Provision on liability acctual	20	1,711	-
Change in fair value of investments	20	238	-
Operating cash flows before working capital changes		**10,985**	**7,621**
Increase/decrease in accounts receivable		(207)	529
Increase/decrease in accounts payable		(2,256)	5,596
Cash from operations		**8,522**	**13,746**
Income taxes paid		-	(65)
Interest paid		(942)	(1,094)
Net cash generated from operating activities		**7,580**	**12,587**
Cash flows used in investing activities			
Purchase of and additions to investment properties		(3,108)	(7,140)
Purchase of and additions to property, plant and equipment	8	(436)	(104)
Purchase of and additions to other non-current assets	11	(901)	(1,341)
Purchase of and additions to residential premises stock		(937)	(200)
Disbursement of loans and financial assistance issued		(14,978)	-
Purchase of investments		(20,742)	(2,277)
Sale of investments		13,704	-
Proceeds from sale of residential premises stock		478	4,965
Proceeds from settlement of financial assistance and loans issued		13,227	3,243
Financial assistance issued		-	(19,665)
Acquisition of subsidiaries		(16,920)	(184)
Interest received		311	837
Net cash used in investing activities		**(30,302)**	**(21,866)**
Cash flows from financing activities			
Dividend paid		-	(4,000)
Sale of treasury shares		17,838	-
Proceeds from borrowings		7,375	-
Repayment of borrowings		(7,499)	(3,756)
Lease expense paid		(299)	(328)
Net cash generated from financing activities		**17,415**	**(8,084)**
Net decrease in cash and cash equivalents		**(5,307)**	**(17,363)**
Effect of exchange rate changes on cash and cash equivalents		(7,456)	2,883
Cash and cash equivalents at the beginning of the year	13	**16,730**	**31,209**
Cash and cash equivalents at the end of the year	13	**3,967**	**16,730**

The accompanying notes set out on pages 9 to 43 form an integral part of these consolidated financial statements.

1 General Information

These consolidated financial statements for Budhouse Group Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Company was incorporated in Cyprus on 26 July 2011 as a private company limited by shares in accordance with the provisions of the laws of Cyprus under the name of Budhouse Group Limited.

The main activities of the Group are the development, construction and management of commercial real estate properties in Ukraine.

As at 31 December 2024 and as at 31 December 2023, the registered shareholder and principal beneficiary of Budhouse Group Limited was Mr. Anatoliy Shkriblyak, a citizen of Ukraine.

As at 31 December 2024, the Group employed 179 people (31 December 2023: 180).

Registered address and place of business. The Group's registered address is Griva Digeni Avenue, Panayides Building, 2nd Floor, Flat/Office 3(3), CY-3030, Limassol, Cyprus. During 2024 and 2023 the Group mostly operated in Zaporizzhya, Kyiv, Cherkassy, Kharkiv, Odessa and Lviv (cities of Ukraine).

The principal direct and indirect significant subsidiaries of the Company are:

Name	Effective percentage of ownership as at 31 December 2024	Effective percentage of ownership as at 31 December 2023
Budhouse Group LLC	100.0	100.0
Neski Ventures Limited	100.0	100.0
Investoptim LLC	100.0	100.0
Prominvestgroup LLC	88.0	88.0
Prominvestgroup - 1 PJSC	89.0	89.0
Lubava City LLC	100.0	100.0
TRC Fabrika LLC	100.0	100.0
Nest Hanner PrJSC	100.0	100.0
Agency for Real Estate Services LLC	100.0	100.0
Premium CNDVCIF SC	89.7	95.6
TRC Nikolsky LLC	99.0	99.0
Eco Trade Invest LLC	99.0	99.0
UNO CNDVCIF PJSC	85.1	85.1
Khortisa Mall LLC	99.0	99.0
Fabrika Solar LLC	100.0	100.0

The principal subsidiaries of the Company are incorporated in Ukraine, except for Neski Ventures Limited, which is incorporated in Cyprus.

2 Operating Environment of the Group

The Group conducts its operations in Ukraine. Starting on 24 February 2022, the country continues to experience a large-scale impact of the full-scale war initiated by the Russian Federation. The security situation remains complex due to ongoing hostilities in the eastern and southern regions, as well as regular missile attacks targeting civilian and industrial infrastructure across the entire territory of Ukraine.

Martial law, introduced to repel Russian aggression, remains in effect as of the date of approval of these financial statements. Although the Ukrainian economy shows partial recovery compared to the sharp decline in 2022, significant risks and uncertainties persist for business entities.

According to estimates by the National Bank of Ukraine (NBU), in 2024 Ukraine's real GDP grew by 3.4%, largely thanks to the stabilization of the energy sector and government measures aimed at stimulating economic activity. However, the recovery remains vulnerable to ongoing hostilities and to external financial support. For comparison, according to the Ministry of Economy of Ukraine, in 2023 the Ukrainian economy grew by 5.3% on the back of a substantial decline in 2022.

Starting from Q4 2023, the National Bank of Ukraine (NBU) gradually eased currency restrictions and introduced a managed exchange rate flexibility regime, which influenced the official exchange rate of the hryvnia against the US dollar and the euro. According to the NBU, the official exchange rate of the hryvnia against the US dollar was UAH 38.00/USD at the beginning of 2024 (1 January) and UAH 42.04/USD at the end of the year. The rate to the euro rose from UAH 41.996/EUR to UAH 43.9266/EUR as of 31 December. Despite wartime risks and fluctuations on the interbank market, the NBU's monetary policy helped maintain a relatively controlled corridor for the hryvnia's fluctuations throughout 2024.

In 2024, the NBU's key interest rate ranged between 13% and 15%, considering macroeconomic factors and monetary objectives aimed at supporting economic recovery and containing inflationary pressures.

According to rating agencies, in the second half of 2024, Fitch Ratings affirmed or revised Ukraine's long-term rating (in foreign/local currency) at levels "C"/"RD"/"CCC" (depending on the periods and specific bond issues), indicating high credit risk. In 2024, Standard & Poor's rated Ukraine's long-term foreign currency obligations mainly at "CC"/"SD", and local currency obligations at "CCC+", reflecting instability and protracted hostilities.

The war and its related restrictions continue to have a significant impact on the activities of the Group:

- Labor shortages, including specialists leaving the country, mobilization, and personnel evacuation.
- Insufficient key resources or raw materials because supply chains are broken, especially in regions close to the combat zones.
- Changes in industry regulations and tax rules under martial law (such as tax benefits, deferrals, and new reporting requirements).
- Damage to assets and the risk of losing control over property in temporarily occupied territories.
- Infrastructure threats, including interruptions in power, water, and heat supply due to attacks on energy facilities.

The Group's management continues to take measures to address these challenges, including:

- Securing additional financing to cover working capital needs and invest in restoring damaged assets.
- Optimizing costs, including the adoption of energy-saving technologies and reducing non-core operations.
- Ensuring business continuity, developing backup IT solutions, and crisis response plans.

Although the Group continues its operations, certain factors lie beyond management's control:

- The duration and intensity of the war, the situation on the front lines, and any changes in Russia's military tactics.
- The scale of international support for Ukraine, the volume of financial tranches, and military and humanitarian assistance.
- Government and central bank decisions regarding monetary and fiscal policies affecting inflation and the currency market.
- The restructuring of the national debt, conditions of cooperation with international financial institutions, and the impact on the state's solvency and overall macroeconomic stability.

3 Summary of Material Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113. The consolidated financial statements have been prepared under the historical cost convention except for revaluation of investment property and property, plant and equipment and initial recognition of financial instruments.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 5 for new and amended standards adopted by the Group).

Presentation currency. These consolidated financial statements are presented in United States Dollars ("US Dollars"). Presentation currency is different from functional currency to be more convenient for foreign banks and potential investors.

Going concern. On 24 February 2022 Russia initiated a full-scale military invasion of Ukraine, which was followed up by the immediate enactment of martial law by the Ukrainian President's Decree approved by Verkhovna Rada of Ukraine and corresponding introduction of the related temporary restrictions that impact the economic environment.

Management prepared these Financial Statements on a going concern basis. In making this judgement management considered the Company's financial position, current intentions, and access to financial resources, and analysed the impact of the current economic conditions on future operations of the Group.

As at 31 December 2024, the Group had an excess of current liabilities over current assets of US Dollars 9,533 thousand (31 December 2023: current liabilities exceeded current assets by US Dollars 9,423 thousand). US Dollars 15,985 thousand relates to dividend payable (31 December 2023: 0 thousand).

The Group achieved strong cash flows from operating activities in 2024 and 2023 of US Dollars 8,522 thousand and US Dollars 13,746 thousand, respectively.

Depending on how the situation evolves, and should the situation further deteriorate, it could have a significant negative impact on the Group and the Ukrainian economy as a whole.

Management acknowledges that future development of military actions and their duration represent a single source of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Despite the single material uncertainty relating to the war in Ukraine, management is continuing taking actions to minimise the impact on the Group and thus believes that application of the going concern assumption for the preparation of these financial statements is appropriate.

Financial instruments – key measurement terms.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments

3. Summary of Material Accounting Policies (continued)

for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the Consolidated Statement of Financial Position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition of financial instruments. Financial instruments at fair value though profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: fair value though profit or loss, fair value though other comprehensive income and amortised cost. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at fair value though profit or loss.

3 Summary of Material Accounting Policies (continued)

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed.

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value though profit or loss. The solely payments of principal and interest assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole change. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for expected credit loss. The Group assesses, on a forward-looking basis, the expected credit loss for debt instruments measured at amortised cost and fair value though other comprehensive income and for the exposures arising from contract assets. The Group measures expected credit loss and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of expected credit loss reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at amortised cost and contract assets are presented in the Consolidated Statement of Financial Position net of the allowance for expected credit loss. For debt instruments at fair value though other comprehensive income, changes in amortised cost, net of allowance for expected credit loss, are recognised in profit or loss and other changes in carrying value are recognised in other comprehensive income as gains less losses on debt instruments at fair value though other comprehensive income.

As at reporting date the Group has three types of financial assets that are subject to expected credit loss model:

- cash and cash equivalents
- accounts receivable
- financial assistance given

For trade accounts receivable, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors. For cash and cash equivalents and financial assistance given the Group applies general model for impairment based on changes in credit quality since initial recognition.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Derecognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining

3 Summary of Material Accounting Policies (continued)

substantially all risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the financial asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties).

If the modified terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a significant increase in credit risk has occurred. The Group also assesses whether the new loan or debt instrument meets the solely payments of principal and interest criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change significantly, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss.

Accounts receivable. Accounts receivable are carried at amortised cost using the effective interest method, less provision for expected credit loss.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks and term deposits or other similarly liquid instruments that have an original term to maturity of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest, and (ii) they are not designated at fair value though profit or loss.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at amortised cost, except for (i) financial liabilities at fair value though profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

3 Summary of Material Accounting Policies (continued)

Borrowings. Borrowings are carried at amortised cost using the effective interest method.

Accounts payable. Accounts payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

Prepayments. Prepayments are carried at cost less allowance for impairment. The carrying amount of prepayments to acquire assets is transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. If there is an indication that the assets, goods or services relating to prepayment issued will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the profit or loss. Prepayments towards the acquisition of non-current assets are classified as non-current asset to which this prepayment relates to.

Capitalisation of borrowing costs Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets), such as the Groups' investment properties, property, plant and equipment and residential premises stock, are capitalised as part of the cost of those assets.

The commencement date for capitalisation is when the Group (a) incurs expenditures for the qualifying asset; (b) incurs borrowing costs; and (c) undertakes activities that are necessary to prepare the asset for its intended use.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

Investment property. Investment property is property held by the Group to earn rental income or for capital appreciation, or both, and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Land held under financial lease is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met.

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

In the absence of current prices in an active market, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Market value of the Group's investment property is determined based on reports of independent appraisers, who hold recognised and relevant professional qualifications and who have recent experience in the valuation of property in the same location and category.

3 Summary of Material Accounting Policies (continued)

The principal assumptions underlying the estimate of fair value, based on the valuation performed by the valuation company, are those related to: the forecast sale or rental prices per square meter for residential, retail or office space as appropriate for the individual developments on completion; the forecast yields for retail and office accommodation; expected levels of vacancy; discount rates; reversion yields; construction costs per square meter; the level of developer profit assumed to be required in the current market and the level of financing and other costs.

Investment property that is being developed or redeveloped for use as investment property is also measured at fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year.

Residential premises stock. Residential premises stock is the residential property constructed by the Group for future sale. Costs related to residential premises stock are recognised when incurred. Residential premises stock is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. If investment property or property, plant and equipment are transferred to residential premises stock, their fair value at the date of transfer is deemed as cost for premises stock. Residential premises stock is classified as current asset if it is expected that it will be sold within one year or less. If not, it is presented as non-current asset. The cost of residential premises stock is transferred to cost of sales over time based on the stage of the sold property completion.

Property, plant and equipment. Property, plant and equipment which as at 31 December 2024 and 31 December 2023 were mostly represented by hotel Khortitsa Palace are stated at revalued amounts less accumulated depreciation and provision for impairment, if required. Fair values are based on reports of Expandia LLC (part of the CBRE affiliate network), independent appraisers. The frequency of revaluation depends upon the movements in the fair values of the assets being revalued. The principal assumptions underlying the estimate of fair value, based on the valuation performed by the valuation company, are those related to: the forecast average daily rates for hotel room rentals; expected levels of occupancy; discount rates; reversion yields.

Subsequent additions to property plant and equipment are recorded at cost. Cost includes expenditure directly attributable to acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the other reserves in equity or net assets attributable to participant. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Decreases that offset previous increases in the carrying amount of the same asset decrease the previously recognised revaluation reserve directly in equity or net assets attributable to participant; all other decreases are charged to the consolidated statement of comprehensive income. The revaluation reserve is transferred directly to retained earnings when the surplus is realised either on the retirement or disposal of the asset or as the asset is used by the Group; in the latter case, the amount of the surplus realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Upon recognition, items of property, plant and equipment are divided into components, which represent items with a significant value that can be allocated to a separate depreciation period.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised with the carrying amount of the replaced component being written off. Other subsequent expenditures are capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognised in the consolidated statement of profit or loss as an expense when incurred.

3 Summary of Material Accounting Policies (continued)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. Gains and losses on disposals determined by comparing proceeds with carrying amount of property, plant and equipment are recognised in the consolidated statement of profit or loss.

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis to allocate costs or revalued amounts of individual assets to their residual value over the estimated remaining useful lives. Depreciation commences at the moment when asset is put into use. The estimated remaining useful lives are as follows:

	Useful life in years
Buildings for own use	50
Solar panels	5

Estimates of remaining useful lives are made on a regular basis for all buildings with annual reassessments. Changes in estimates are accounted for prospectively.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of the useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

Construction in progress represents prepayments for property, plant and equipment, and the cost of property, plant and equipment, construction of which has not yet been completed. No depreciation is charged on such assets until they are put into use.

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Income taxes. Income taxes have been provided for in these consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of each reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Share capital. Ordinary shares are classified as equity.

Share premium. Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

3 Summary of Material Accounting Policies (continued)

Net assets attributable to participant and non-controlling participants in subsidiaries. Pursuant to Ukrainian legislation and the entities' charter documents, participants in Ukrainian LLC companies have the unconditional right to request redemption of their interests in the entity at any time for cash equal to their proportionate share of the net asset value of the entity. Consequently, under IFRS these interests are classified as liabilities instead of equity and the interests of non-controlling participants in net assets of Ukrainian LLC companies were presented in these consolidated financial statements as "Net assets attributable to non-controlling participants in Ukrainian subsidiaries". It is impractical to determine the fair value of this liability as it is unknown when and if the participant will withdraw from a limited liability company and the liability was therefore measured as the participant's proportional share of the IFRS net assets attributable to the participant at the reporting date. This liability is recorded within non-current liabilities as the Group has an unconditional right to defer redemption for at least twelve months after the requested withdrawal date.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Foreign currency translation. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ukrainian hryvnia (UAH).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the official exchange rates at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the functional currency at year-end are recognised in profit or loss as finance income or costs. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

The results and financial position of each Group entity are translated into the US Dollars presentation currency as follows:

(i) assets and liabilities for each consolidated statement of financial position are translated at the closing rate at the end of the respective reporting period;

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

(iii) components of net assets are translated at the historic rate; and

(iv) all resulting exchange differences are recognised in other comprehensive income.

The principal rates of exchange used for translating foreign currency balances, income and expenses were:

	31 December 2024	Average 2024	31 December 2023	Average 2023
UAH per 1 US Dollar	42,04	40,16	37,98	36,58
UAH per 1 EURO	43,93	43,46	42,21	39,56

Revenue recognition. Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

3 Summary of Material Accounting Policies (continued)

Revenue is recognised net of value added taxes.

Revenue consists of rental income, revenue from services provided and sale of residential premises stock. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described above. The amount of revenue is not considered to be reliably measurable until all contingencies have been resolved.

Revenue from services provided is recognised in the accounting period in which control of the services passed to the customer, which is when the service is rendered. Service charges to tenants are included in their entirety as part of revenue only when the Group acts as principal rather than as an agent.

Some property management contracts may include multiple elements of service, which are provided to tenants. The Group assesses whether individual elements of service in contract are separate performance obligations.

Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. Standalone selling prices of rent of premises and other services provided are clearly separated in the lease contract.

The Group's subsidiary develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. An enforceable right to payment arises at a point of agreement conclusion. Therefore, revenue is recognised over time based on the stage of the property completion. Revenue is measured at the transaction price agreed in the contract. In most cases, the consideration is due upon the agreement conclusion. While deferred payment terms may be agreed in some circumstances, the deferral generally does not exceed twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. Advances received are included in contract liabilities.

Direct property operating expenses. Direct property operating expenses are expenses directly related to operating the shopping malls and hotels. They are recognised in profit or loss on an accrual basis in the period in which they are incurred.

Direct property operating expenses are partially compensated by tenants. Compensation payments from tenants are netted against the corresponding property operating expenses when the Group is acting as an agent.

Employee benefits. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees.

Value added tax. Value Added Tax ("VAT") applicable for operations of the Group is levied at 20%. VAT liability equals the total amount of VAT collected within a reporting period, arising on the earlier of the date of rendering services to the customers or receiving payment from the customer.

A VAT credit is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. For domestic and export operations rights to VAT credit arise when a VAT invoice is received, which is issued on the earlier of the date of payment to the supplier or the date goods are received. Where provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT. VAT assets recoverable in cash from the State are included in the Group's assets.

All other VAT assets and liabilities are netted only within the individual entities of the Group. In case if VAT receivables are expected to be realised in the long-term period the carrying value is determined based on discounted cash flows method.

3 Summary of Material Accounting Policies (continued)

Transactions with equity owners. The Group enters into transactions with shareholders. When consistent with the nature of the transaction, the Group's accounting policy is to recognise any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends. Similar transactions with non-equity holders are recognised through the profit or loss in accordance with IFRS 9, "Financial Instruments".

Consolidation. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction-by-transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill, bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services.

Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

Associates. Associates are entities over which the Company has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year, (ii) the

3 Summary of Material Accounting Policies (continued)

Group's share of other comprehensive income is recognised in other comprehensive income, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in the associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Disposals of subsidiaries and associates. When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount when subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Lease liabilities. Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of investment property and property plant and equipment across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in these consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in these consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Fair value of investment property and property, plant and equipment. The fair value of the Group's investment property and property, plant and equipment are determined based on reports of Expandia LLC (part of the CBRE affiliate network) and Trident Consulting LLC (part of the Cushman & Wakefield affiliate network, independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category.

Market values for development properties in their current state were determined assuming that the investment property and property, plant and equipment are used as it would be by a typical local developer in Ukraine.

The principal assumptions used in these valuations are disclosed in Notes 0 and 8. The impact on the aggregate valuations of reasonably possible changes in the assumptions used in the discounted cash flow analysis, with all other variables held constant, is as follows:

As at 31 December 2024:

(i) Were the average daily rates for hotel room rentals assumed to increase / decrease by 5% from estimates, the carrying amount of property plant and equipment would be an estimated US Dollars 900 thousand higher / US Dollars 700 thousand lower, respectively.

(ii) Were the occupancy rates assumed to increase / decrease by 5% from estimates, the carrying amount of investment property and property plant and equipment would be an estimated US Dollars 4,889 thousand higher / US Dollars 7,828 thousand lower, respectively.

(iii) Were the monthly rental rates from shopping mall and office tenants assumed to increase / decrease by 10% from estimates, the carrying amount of investment property would be an estimated US Dollars 9,921 thousand higher / US Dollars 10,128 thousand lower, respectively.

(iv) Were the total remaining construction costs assumed to increase / decrease by 10 % from estimates, the carrying amount of investment property would be an estimated US Dollars 600 thousand lower / US Dollars 800 thousand higher, respectively.

(v) Were the discount rates assumed to increase / decrease by 1% from estimates, the carrying amount of investment property and property plant and equipment would be an estimated US Dollars 2,186 thousand lower / US Dollars 5,093 thousand higher, respectively.

(vi) Were the reversion yield assumed to increase / decrease by 1% from estimates, the carrying amount of investment property and property plant and equipment would be an estimated US Dollars 10,549 thousand lower / US Dollars 12,340 thousand higher, respectively.

(vii) Were the market price per square meter for Zlatoustivska project and Khortitsa Mall project assumed to increase / decrease by 2% from estimated, the carrying amount would be an estimated US Dollars 357 and 897 thousand lower / US Dollars 357 and 897 thousand higher, respectively.

As at 31 December 2023:

(i) Were the average daily rates for hotel room rentals assumed to increase / decrease by 5% from estimates, the carrying amount of property plant and equipment would be an estimated US Dollars 200 thousand higher / US Dollars 100 thousand lower, respectively.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

(ii) Were the occupancy rates assumed to increase / decrease by 5% from estimates, the carrying amount of investment property and property plant and equipment would be an estimated US Dollars 7,689 thousand higher / US Dollars 7,105 thousand lower, respectively.

(iii) Were the monthly rental rates from shopping mall and office tenants assumed to increase / decrease by 10% from estimates, the carrying amount of investment property would be an estimated US Dollars 9,731 thousand higher / US Dollars 9,731 thousand lower, respectively.

(iv) Were the total remaining construction costs assumed to increase / decrease by 10 % from estimates, the carrying amount of investment property would be an estimated US Dollars 800 thousand lower / US Dollars 900 thousand higher, respectively.

(v) Were the discount rates assumed to increase / decrease by 1% from estimates, the carrying amount of investment property and property plant and equipment would be an estimated US Dollars 8,021 thousand lower / US Dollars 9,131 thousand higher, respectively.

(vi) Were the reversion yield assumed to increase / decrease by 1% from estimates, the carrying amount of investment property and property plant and equipment would be an estimated US Dollars 11,541 thousand lower / US Dollars 13,877 thousand higher, respectively.

(vii) Were the market price per square meter for Zlatoustivska project and Khortitsa Mall project assumed to increase / decrease by 2% from estimated, the carrying amount would be an estimated US Dollars 342 and 48 thousand lower / US Dollars 342 and 48 thousand higher, respectively.

Tax legislation. Ukrainian tax, currency and customs legislation continues to evolve. Conflicting regulations are subject to varying interpretations. Management assesses its interpretations are appropriate and sustainable, but no guarantee can be provided against a challenge from the tax authorities.

Related party transactions. In the normal course of business, the Group enters into transactions with related parties. Judgement is applied in determining if transactions are priced at market or non-market rates, where there is no active market for such transactions.

5 Adoption of New or Revised Standards and Interpretations and New Accounting Pronouncements

In the current year, the Organization has applied for the first-time certain standards and amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2024.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The Organization has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued but not yet effective

At the date of authorization of these financial statements, the Organization has not applied the following revised IFRS Standards that have been issued but are not yet effective:

	Effective date
Amendments to existing standards and interpretations	
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7 –Contracts Referencing Nature-dependent Electricity	1 January 2026

Annual Improvements to IFRS Accounting Standards (IFRS 10, IFRS 9, IFRS 1, IAS 7, IFRS 7) — Volume 11	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely / Available for optional adoption

The management does not expect that the adoption of the Standards listed above will have a material impact on the Company's financial statements in future periods.

6 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The outstanding balances with related parties were as follows:

	31 December 2024					31 December 2023				
In thousands of US Dollars	**Share-holders**	**Entities under common control**	**Other related parties**	**Associ-ates**	**Total**	**Share-holders**	**Entities under common control**	**Other related parties**	**Associ-ates**	**Total**
Assets										
Investments in associates	-	-	-	18,059	**18,059**	-	-	-	16,481	**16,481**
Accounts receivable	-	2	1	35	**38**	-	-	95	24	**119**
Loans issued short-term	3,688	5,019	7,464	-	**16,171**	511	-	15,282	-	**15,793**
Loans issued - long-term	11,927	-	-	121	**12,048**	8,859	4,113	-	685	**13,657**

	31 December 2024					31 December 2023				
In thousands of US Dollars	**Share-holders**	**Entities under common control**	**Other related parties**	**Associ-ates**	**Total**	**Share-holders**	**Entities under common control**	**Other related parties**	**Associ-ates**	**Total**
Liabilities										
Other long-term borrowings	-	5,658	4,112	-	**9,770**	-	-	-	-	-
Other borrowings short-term	-	-	-	-	-	12	-	-	-	**12**
Accounts payable and other liabilities	15,985	-	1,660	-	**17,645**	15,985	-	1,203	-	**17,188**

6 Balances and Transactions with Related Parties (continued)

The income and expense items with related parties were as follows:

	31 December 2024					31 December 2023				
In thousands of US Dollars	**Entities under common control**	**Parent**	**Other related parties**	**Associ-ates**	**Total**	**Entities under common control**	**Parent**	**Other related parties**	**Associ-ates**	**Total**
Share of profit/(loss) of associates	-	-	-	3,385	**3,385**	-	-	-	2,278	**2,278**
Interest income	758	276	1,307	6	**2,347**	178	30	1,198	91	**1,497**
Interest expense	(102)	-	(114)	-	**(216)**	-	-	202	-	**202**
Unwinding of discount	(9)	-	11	-	**2**	(10)	-	(54)	-	**(64)**
Recovery of loans issued	(1,420)	-	(744)		**(2,164)**	(56)	-	(598)		**(654)**
Revenue	23	-	5	116	**144**	-	-	-	-	-
Other operating income/(expense)	-	-	747	1,498	**2,245**	-	-	-	400	**400**

During 2024 and 2023 no dividends were declared. As at 31 December 2024 the amount of dividend payable is equal to US Dollars 15,985 thousand (31 December 2023: US Dollars 15,985 thousand).

During 2024 year the Group made subsequent expenditures to investment property from other related party amounted to US dollars 2,276 thousand and US Dollars 1,755 thousand additions to residential premises stock (during 2023: US dollars 8,274 thousand and US Dollars 2,189 thousand, respectively).

In 2024 and 2023, key management personnel consisted of 3 employees. In 2024 the remuneration of key management personnel, comprised current salaries, bonuses and related social contributions, totaled to US Dollars 377 thousand (2023: US Dollars 373 thousand).

During 2024 the Group acquired a new subsidiary, C1 Global LTD, registered in United Kingdom, from a third party for a consideration of GBP 100.

As at 31 December 2024 and as at 31 December 2023 the ultimate beneficiary has surety agreement with the SC Sense Bank (till 01 December 2022 JSC Alfa-Bank) to give financial support to the TRC Fabrika LLC in order to repay the credit line, if needed.

7 Investment Property

Investment property projects of the Group as at and for the year ended 31 December 2024 were:

In thousands of US Dollars	31 December 2023	Subsequent Expenditure	Disposals	Interest capitalised	Fair value effect	Currency translation effect	31 December 2024
Project name							
Fabrika shopping mall	43,500	5	-	-	(1,787)	(4,118)	37,600
Nikolsky shopping mall	111,458	2,365	-	-	8,929	(11,261)	111,491
Zlatoustivska project	17,100	31	-	-	2,429	(1,760)	17,800
Lubava shopping mall	26,600	559	-	-	3,698	(2,757)	28,100
Khortitsa Mall shopping mall	2,667	38	(181)	-	246	(262)	2,508
Khortitsa Palace Business Center	1,500	-	-	-	47	(147)	1,400
Yessa shopping mall	3,663	124	-	-	350	(375)	3,762
Reality Business Center	4,415	4	-	-	1,423	(490)	5,352
Other	207	-	-	-	-	(19)	188
Total	**211,110**	**3,126**	**(181)**	**-**	**15,335**	**(21,189)**	**208,201**

Investment property projects of the Group as at and for the year ended 31 December 2023 were:

In thousands of US Dollars	31 December 2022	Subsequent Expenditure	Disposals	Interest capitalised	Fair value effect	Currency translation effect	31 December 2023
Project name							
Fabrika shopping mall	42,800	-	-	-	2,381	(1,681)	43,500
Nikolsky shopping mall	93,627	7,084	-	-	15,053	(4,306)	111,458
Zlatoustivska project	16,900	34	-	-	827	(661)	17,100
Lubava shopping mall	22,500	131	-	-	4,996	(1,027)	26,600
Khortitsa Mall shopping mall	3,195	(272)	-	-	(153)	(103)	2,667
Khortitsa Palace Business Center	1,800	-	-	-	(242)	(58)	1,500
Yessa shopping mall	4,554	163	-	-	(912)	(142)	3,663
Reality Business Center	2,948	-	-	-	1,637	(170)	4,415
Other	215	-	-	-	-	(8)	207
Total	**188,539**	**7,140**	**-**	**-**	**23,587**	**(8,156)**	**211,110**

The borrowing costs are capitalised in full to the related qualifying assets if capitalization criteria are met. For more details on borrowings please refer to note 15.

The fair values of investment properties as at 31 December 2024 and 31 December 2023 were determined by an independent, professionally qualified appraiser who has recent experience in valuing similar properties in Ukraine (Note 4). These valuations were done based on discounted cash flow projections (level 3) and market approach. Discounted cash flow projections (level 3) were performed using the following key assumptions:

	31 December 2024	31 December 2023
Discount rate	13-51%	13-51%
Developer's profit	0-20%	0-20%
Reversion yield	11.5-13.75%	11.5-13.75%
Occupancy rate	23.5-99.4%	55.7-97.9%
Shopping mall area and offices monthly rental rate per square meter, US Dollars	2.5 – 24.9	1 – 27.6
Remaining construction costs net of VAT, USD thousand	17,063	17,680

The significant ranges for the occupancy rates in the table above reflect the different periods over which these assumptions are applied in the discounted cash flow projections (for details please see note 4).

7 Investment Property (continued)

Investment property with carrying amount of US Dollars 177,191 thousand (2023: US Dollars 181,558 thousand) was pledged as collateral for the borrowings (Note 15).

8 Property, Plant and Equipment

In thousands of US Dollars	2024	2023
Net book amount at 1 January	**3,380**	**3,654**
Additions	72	19
Disposals	(30)	(131)
Depreciation charge	(291)	(444)
Revaluation	74	169
Currency translation effect	(74)	113
Net book amount at 31 December	**3,131**	**3,380**

The property, plant and equipment includes Khortitsa Palace Hotel as at 31 December 2024 and 31 December 2023, which is measured at fair value. The carrying value of Khortitsa Palace Hotel as at 31 December 2024 is US Dollars 2,900 thousand (31 December 2023: US Dollars 3,200 thousand). Other items of property, plant and equipment are measured at cost as at 31 December 2024 and 31 December 2023.

The fair value of Khortitsa Palace Hotel as at 31 December 2024 and 31 December 2023 was determined by an independent, professionally qualified appraiser who has recent experience in valuing similar properties in Ukraine (Note 4). These valuations were done based on discounted cash flow projections (level 3) using the following key assumptions:

	31 December 2024	31 December 2023
Discount rate	24%	17-51%
Reversion yield	13.5%	13.25%
Occupancy rate	12-38%	12-41%
Average hotel room daily rate, USD	58-67	64-73

The significant ranges for the occupancy rates and average hotel room daily rates in the table above reflect the different periods over which these assumptions are applied in the discounted cash flow projections (for details please see note 4).

9 Investments in Associates

On 11 July 2013, the Group acquired a 24% interest in MHV Ukraine 3 Limited, an SPV created for development of the investment property project Forum shopping mall in Lviv. Consideration paid for this acquisition amounted to EUR 7,822 thousand. The project was developed in cooperation with Multi Veste B.V. The Group's entire shareholding in this associate is pledged under a first and second priority pledge and charge over shares in favour of European Bank of Reconstruction and Development to secure a loan of up to EUR 52,100 thousand entered into by MHV Ukraine 3 Limited. On 25 September 2015, the joint project with Multi Veste B.V. for development of the shopping mall Forum in Lviv, Ukraine was completed and the shopping mall was put into operation.

During 2022 the Group's associate fully repaid Senior loan in favor of European Bank of Reconstruction and Development. As at 21 December 2022 the Subordinated loan in favor of European Bank of Reconstruction and Development was purchased by the Group and its' partners by SPV. During 2024 the Subordinated loan was fully repaid.

The fair value of shopping mall Forum in Lviv was determined by an independent professionally qualified appraiser who has sufficient current knowledge in valuing similar properties in Ukraine (Note 4). Impact of assumptions used in independent evaluation of shopping mall Forum is insignificant for the Group.

9 Investments in Associates (continued)

The table below summarises the movements in the carrying amount of the Group's investment in associates.

In thousands of US Dollars	2024	2023
Carrying amount at 1 January	**16,481**	**14,838**
Share of profit (loss) of associates	3,385	2,278
Effect of translation to presentation currency	(1,807)	(635)
Carrying amount at 31 December	**18,059**	**16,481**

The Group's interests in its principal associates were as follows:

	2024		2023	
	% ownership interest held	**Country of registration**	**% ownership interest held**	**Country of registration**
Associates				
MVH Ukraine 3 Limited	24%	Cyprus	24%	Cyprus

Summarised financial information of material associate MVH Ukraine 3 Limited is as follows:

In thousands of US Dollars	2024	2023
Current assets	13,348	10,118
Non-current assets	77,621	82,905
Current liabilities	3,204	2,670

In thousands of US Dollars	*2024*	*2023*
Non-current liabilities	12,518	21,683
Revenue	16,773	14,738
(Loss)/Profit from continuing operations	14,103	9,493
Total comprehensive (loss)/income	14,103	9,439

10 Residential premises stock and Non-current assets held for sale

In thousands of US Dollars	31 December 2024	31 December 2023
Non-current residential premises stock		
Luteranska residential project	14,938	15,498
Total non-current residential premises stock	**14,938**	**15,498**
Current residential premises stock		
Luteranska residential project	1,192	1,225
Total current residential premises stock	**1,192**	**1,225**

Residential premises stock at 31 December 2024 and 31 December 2023 consisted of costs related to the acquisition and further development of the Luteranska residential complex lockated in Kyiv. The Group recognises sales income and respective cost of sales of residential premises sold on over time basis according to the stage of the property completion. During March 2023 the Luteranska residential complex was commissioned, thus the property construction was fully completed.

11 Other non-current assets

In thousands of US Dollars	31 December 2024	31 December 2023
Tenants deposits (Note 26)	1,261	1,085
Debt service reserve account (Note 26)	1,970	1,945
Non-current financial assets	1,558	3,077
Total other financial non-current assets	**4,789**	**6,107**
Other	114	(1,651)
Total other non-financial non-current assets	**114**	**(1,651)**
Total other non-current assets	**4,903**	**4,456**

During 2020 the Group signed a Facility Agreement with Bank Gospodarstwa Krajowego according to which the Group should maintain cash funds on Debt service reserve account not less than EUR 1,750 thousand. As at 31 December 2024 the balance equivalent of US Dollars 1,970 thousand (US Dollars 1,945 thousand as at 31 December 2023). Reserve account can be revealed after full repayment of the loan.

The credit quality of the Group`s Tenants deposits and Debt service reserve account, based on Moody's ratings, are as follows:

In thousands of US Dollars	31 December 2024	31 December 2023
- Aaa to A rated	1,970	1,945
- Baa to B rated	-	-
- Caa to C rated	1,261	1,085
Total	**3,231**	**3,030**

12 Accounts Receivable

In thousands of US Dollars	31 December 2024	31 December 2023
Current accounts receivable		
Trade accounts receivable	2,082	1,932
Other accounts receivable	4,688	3,727
Less credit loss allowance	(523)	(314)
Total financial assets within accounts receivable	***6,247***	***5,345***
Other accounts receivable	76	99
VAT receivables	1,916	3,707
Total accounts receivable	**8,239**	**9,151**

As at 31 December 2024 the expected credit losses on other accounts receivables amounted to US Dollars nil thousand (as at 31 December 2023: US Dollars nil thousand).

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are not adjusted to current information on macroeconomic factors affecting the ability of the customers to settle the receivables because performance obligations are short-term by nature and effect from adjustment is immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 360 days past due

12. Accounts Receivable (continued)

The credit loss allowance for trade receivables as at 31 December 2024 is determined presented in the table below.

In % of gross value	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**	**Carrying amount**
Trade receivables determined according to provision matrix				
- current	*0%*	362	-	362
- less than 30 days overdue	*0%*	27	-	27
- 30 to 60 days overdue	*0%*	5	-	5
- 61 to 90 days overdue	*0%*	-	-	-
- 91 to 180 days overdue	*0%*	6	-	6
- 181 to 360 days overdue	*11%*	10	(1)	9
- over 360 days overdue	*100%*	519	(519)	-
Total for trade receivables determined according to provision matrix		**929**	**(520)**	**409**
Individually assessed trade receivables		1,153	(3)	1,150
Total for trade receivables		**2,082**	**(523)**	**1,559**

The credit loss allowance for trade receivables as at 31 December 2023 is determined presented in the table below.

In % of gross value	**Loss Rate**	**Gross carrying amount**	**Lifetime ECL**	**Carrying Amount**
Trade receivables determined according to provision matrix				
- current	*0%*	197	-	197
- less than 30 days overdue	*0%*	11	-	11
- 30 to 60 days overdue	*0%*	4	-	4
- 61 to 90 days overdue	*0%*	2	-	2
- 91 to 180 days overdue	*0%*	7	-	7
- 181 to 360 days overdue	*50%*	20	(10)	10
- over 360 days overdue	*100%*	302	(302)	-
Total for trade receivables determined according to provision matrix		**543**	**(312)**	**231**
Individually assessed trade receivables		1,389	(2)	1,387
Total for trade receivables		**1,932**	**(314)**	**1,618**

The following table shows the movement in lifetime expected credit loss that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

In thousands of US Dollars	**Collectively assessed**	**Individually assessed**	**Total**
Balance as at 31 December 2022	**(272)**	**(239)**	**(511)**
Expected credit loss accrued	(85)	270	185
Currency translation effect	45	(33)	12
Balance as at 31 December 2023	**(312)**	**(2)**	**(314)**
Expected credit loss accrued	(250)	(4)	(254)
Currency translation effect	42	3	45
Balance as at 31 December 2024	**(520)**	**(3)**	**(523)**

For information regarding currencies and exposure to credit risk please refer to Note 24. The Group does not hold any collateral as security.

13 Cash and Cash Equivalents

In thousands of US Dollars	31 December 2024	31 December 2023
Bank balances payable on demand	3,967	16,754
Less impairment provision	-	(24)
Total cash and cash equivalents	**3,967**	**16,730**

The credit quality of banks holding the Group`s cash and cash equivalents balances, based on Moody's ratings, are as follows:

In thousands of US Dollars	31 December 2024	31 December 2023
- Aaa to A rated	3,381	653
- Baa to B rated	186	4
- Caa to C rated	349	16,051
- Unrated	51	46
Less impairment provision	-	(24)
Total	**3,967**	**16,730**

Cash and cash equivalents were denominated in the following currencies:

In thousands of US Dollars	31 December 2024	31 December 2023
UAH	330	3,842
EUR	2,022	7,312
US Dollars	28	5,600
GBP	1,587	-
Less impairment provision	-	(24)
Total	**3,967**	**16,730**

14 Share Capital, Share Premium and Non-controlling interest

In US Dollars	Number of shares	Share capital	Share premium	Total
Balance as at 31 December 2023	1,014	1,452	166,900,972	166,902,424
Balance as at 31 December 2024	1,014	1,452	166,900,972	166,902,424

The authorised number of ordinary shares is 5,000 shares with a par value of 1 EUR per share.

Non-controlling interest. There were no restrictions affecting the Group's ability to access or use the assets and settle the liabilities at 31 December 2024 and 31 December 2023.

15 Borrowings

The Group's borrowings are denominated in as follows:

	31 December 2024				31 December 2023			
In thousands of US Dollars	UAH	EUR	US Dollar	Total	UAH	EUR	US Dollar	Total
Non-current borrowings								
Long-term bank borrowings	-	28,180	-	28,180	-	35,049	-	35,049
Other long-term borrowings	-	9,770	-	9,770	54	4,257	-	4,311
Total non-current borrowings	**-**	**37,950**	**-**	**37,950**	**54**	**39,306**	**-**	**39,360**
Current borrowings								
Short-term bank borrowings	-	19,583	18,989	38,572	-	20,630	17,209	37,838
Other short-term borrowings	23	-	-	23	26	12	-	38
Total borrowings	**23**	**57,533**	**18,989**	**76,545**	**80**	**59,948**	**17,209**	**77,237**

15 Borrowings (continued)

Net debt reconciliation

In thousands of US Dollars	Note	Bank borrowings	Other borrowings	Lease liabilities	Total
Net debt at 31 December 2023		**(72,888)**	**(4,349)**	**(1,631)**	**(78,868)**
Cash flows		6,841	(5,775)	299	**1,365**
Interest expense		(2,998)	(217)	-	**(3,215)**
Lease expense	22	-	-	(268)	**(268)**
Unwinding of discount		(1,554)	-	-	**(1,554)**
Forex exchange difference		(3,224)	(148)	-	**(3,372)**
Currency translation reserve		7,071	696	156	**7,923**
Net debt at 31 December 2024		**(66,752)**	**(9,793)**	**(1,444)**	**(77,989)**

In thousands of US Dollars	Note	Bank borrowings	Other borrowings	Lease liabilities	Total
Net debt at 31 December 2022		**(69,808)**	**(4,439)**	**(1,722)**	**(75,969)**
Cash flows		4,806	43	328	**5,177**
Interest expense		(3,142)	(202)	-	**(3,344)**
Lease expense	22	-	-	(300)	**(300)**
Unwinding of discount		(1,015)	(105)	-	**(1,120)**
Acquisition of subsidiaries		-	-	-	**-**
Forex exchange difference		(6,546)	(331)	-	**(6,877)**
Currency translation reserve		2,817	685	63	**3,565**
Net debt at 31 December 2023		**(72,888)**	**(4,349)**	**(1,631)**	**(78,868)**

On 19 December 2019 the Group entered into a Facility Agreement with Bank Gospodarstwa Krajowego for a non-revolving credit line with a maximum limit of 53,625,000 EUR. The loan is repayable according to the schedule up to 30 September 2029 and bears interest of 0,43% per annum (6,86% effective interest rate), payable within certain time frames specified in agreement.

On 28 May 2020 Lubava Shopping Mall in Cherkassy and related land plot were pledged as a collateral under the Facility Agreement with Bank Gospodarstwa Krajowego. On 27 May 2020 the Group has signed a mortgage agreement with Bank Gospodarstwa Krajowego with the collateral of Nikolsky shopping mall unfinished construction located at Kharkiv. On 7 June 2021 the Group has signed an amendment agreement to the mortgage agreement with Bank Gospodarstwa Krajowego with collateral of Nikolsky shopping mall.

On 29 May 2020 the Group has signed a participatory interest pledge agreements with Bank Gospodarstwa Krajowego with a pledge of 90% of participatory interests in TRC Nikolsky LLC and 100% of Lubava City LLC. Additionally, on 29 May 2020 the Group has signed a participatory interest sale and purchase agreement with Bank Gospodarstwa Krajowego about a sale of 10% of participatory interest in TRC Nikolsky LLC in case of event of default in the terms of the loan agreement.

On 19 July 2021 the Group entered into an Agreement about Credit Line Opening with SC Sense Bank for a non-revolving credit line with a maximum limit of 30,000,000 US Dollars, which can be withdrawn in US Dollars and EUR. The loan is repayable according to the schedule up to 17 July 2026 and bears interest of 5% per annum for loan payable in US Dollars and 4.9% per annum for loan payable in EUR, payable within certain time frames specified in agreement.

As at 29 July 2021 Fabrika Shopping Mall in Kherson and related land plots were pledged under the Agreement about Credit Line Opening in favor of SC Sense Bank. On 19 July 2021 the Group has pledged participatory interests in TRC Fabrika LLC in favor of SC Sense Bank.

As at 31 December 2021 the ultimate beneficiary has surety agreement with the SC Sense Bank to give financial support to the TRC Fabrika LLC in order to repay the credit line, if needed.

15 Borrowings (continued)

Starting from 24 February 2022 the National Bank of Ukraine had imposed a restriction on cross-border payments. Respectively, the Group could not perform its' obligations and make principal, interest and commissions payments in favor of Bank Gospodarstwa Krajowego. As a result, event of default took place according to the definitions of the Facility Agreement. The restriction on cross-border payments was liberalized during June 2023 by allowing to make a cross-border currency payments to financial institutions which have a foreign government as a shareholder.

During March 2022 Nikolsky shopping mall was damaged resulting to event of default according to the definitions of the Facility Agreement. Starting from July 2022 a reconstruction of the shopping mall was started. At the date of this report all floors of the shopping center are open for visitors.

Starting from 24 February 2022 till 1 July 2023 the Group could not settle its' obligations in favor of Bank Gospodarstwa Krajowego due to imposition of moratorium on cross-border payments. Certain other obligations under the Facility Agreement were not met during 2022 as well.

The Group had signed a Standstill letters with Bank Gospodarstwa Krajowego according to which the principal installments for period starting from March 2022 till June 2023 inclusive are rescheduled to September 2029, the provision of certain documents was rescheduled, the financial covenants for 2022 year, first and second quarter 2023 and other breaches were waived.

During the third and fourth quarters of 2023 and during 2024 the Group continued to fulfill its obligations in favor of the Bank.

Starting from 1 March 2022 till 11 November 2022 Kherson city was occupied by Russian army. During March 2022 Fabrika Shopping Mall was damaged. Stating from March 2022 the Group did not settle its' obligations according to the Agreement about Credit Line Opening due to the force major caused by Kherson city occupation, Fabrika Shopping Mall damage and inability to perform an operation activity, including reporting, due to present danger to human life and health. Certain other obligations under the Facility Agreement were not met during 2022-2024 as well. Even though SC Sense Bank did not request for early redemption, the Group decided to classify the total liability in favor of SC Sense Bank as current obligation. During the Nov-Dec of 2024 the Group continued to fulfill its obligations in favor of the Bank.

The part of the carrying amount of the bank borrowings amounted to EUR 28,180 thousand as at 31 December 2024 (31 December 2023 - EUR 35,049 thousand) was classified as non-current as management evaluated that the Group will comply with financial covenants withing next twelve months after the reporting date which are tested each reporting calendar quarter. Management does not assessed any facts and circumstances that indicate the entity may have difficulty complying with the covenants.

Further information on borrowings is disclosed in Note 24.

16 Lease Liabilities

	31 December 2024	
In thousands of US Dollars	**Variable lease payments**	**Future finance charges**
Current lease liabilities		
Less than one year	286	(250)
Total current lease liabilities	**286**	**(250)**
Non-current lease liabilities		
From 1 to 5 years	1,143	(906)
Later than five years	2,972	(1,801)
Total non-current lease liabilities	**4,115**	**(2,707)**
Total lease liabilities	**4,401**	**(2,957)**

16 Lease Liabilities (continued)

	31 December 2023	
In thousands of US Dollars	**Minimum lease payments**	**Future finance charges**
Current lease liabilities		
Less than one year	316	(283)
Total current lease liabilities	**316**	**(283)**
Non-current lease liabilities		
From 1 to 5 years	1,265	(1,048)
Later than five years	3,605	(2,224)
Total non-current lease liabilities	**4,870**	**(3,272)**
Total lease liabilities	**5,186**	**(3,555)**

As at 31 December 2024, total lease liabilities of US Dollars 1,444 thousand are represented by short-term part and long-term part - US Dollars 36 thousand and US Dollars 1,408 thousand respectively (31 December 2023: total lease liabilities of US Dollars 1,631 thousand are represented by short-term part and long-term part - US Dollars 33 thousand and US Dollars 1,598 thousand respectively).

17 Accounts Payable and Other Liabilities

In thousands of US Dollars	**31 December 2024**	**31 December 2023**
Current accounts payable and other liabilities		
Liabilities related to purchase of investment property	952	800
Other accounts payable	6,217	11,158
Total financial payables within current accounts payable	**7,169**	**11,958**
Non-current accounts payable and other liabilities		
Long-term prepayments from tenants	1,533	1,694
Dividend payable	15,985	15,985
Total non-current accounts payable	**17,518**	**17,679**
Contract liability	134	-
Taxes payable	577	750
Prepayments from tenants	905	1,052
Other accounts payable	2,171	652
Total accounts payable and other liabilities	**28,474**	**32,091**

Financial payables within accounts payable are denominated in UAH, US Dollars and EUR. As at 31 December 2024 0% of financial payables were denominated in US Dollars and 18% in EUR (31 December 2023: 50% in US Dollars, 11% in EUR). Information on balances with related parties is disclosed in Note 6.

Long-term prepayments from tenants are represented by security deposits made by tenants in amount of rental payments, compensation of utility costs and marketing expenses for the last two months on average of lease under lease agreements.

Contract liability is represented by prepayments received for residential premises stock.

The fair value of accounts payable approximates their carrying amount. Please also refer to Note 26.

18 Revenue

In thousands of US Dollars	2024	2023
Rental income, including compensations from tenants		
- Nikolsky shopping mall	8,224	7,647
- Lubava shopping mall	3,896	3,609
- Other	3,615	3,238
Hotel revenue	447	855
Revenue from sale of residential premises stock	580	2,921
Other revenues	300	127
Total revenue	**17,062**	**18,397**

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

In thousands of EUR	2024	2023
No later than 1 year	13,401	14,149
Later than 1 year and no later than 5 years	31,019	33,272
Later than 5 years	13,688	14,402
Total	**58,108**	**61,823**

Leasing agreements are concluded for the period equal to or more than one year with minor tenants and for the period of up to 30 years with key tenants.

19 Direct Property Operating Expenses

In thousands of US Dollars	2024	2023
Salaries and related charges	736	728
Electricity	670	786
Marketing	512	388
Land tax	473	522
Facility management services	431	461
Security	403	334
Legal and consultancy fees	303	317
Hotel stock	222	201
Depreciation of property, plant and equipment and other non-current assets	168	395
Social insurance cost	86	84
Bank services	51	44
Utilities	33	83
Services	21	25
Agency services	13	42
Other	618	362
Total direct property operating expenses	**4,740**	**4,772**

20 Other Operating Expenses

In thousands of US Dollars	2024	2023
Expected credit loss allowance on accounts receivable	2,503	116
Loss on disposal of investments	2,004	-
Provision on liability accrual	1,711	-
Staff costs	1,499	1,356
Services	772	2,939
Change in fair value of investments	238	-
Social insurance cost	198	172
Depreciation	64	64
Loss on purchase of investments	-	2,034
Provision on loans provided	-	654
Other	778	257
Total other operating expenses	**9,767**	**7,592**

21 Net financial income and expenses

In thousands of US Dollars	2024	2023
Interest expense	(3,212)	(3,345)
Unwinding of discount	(1,554)	(1,119)
Lease expense	(268)	(300)
Foreign exchange losses	(17,354)	(9,821)
Total financial expense	**(22,388)**	**(14,585)**
Interest income	2,644	1,726
Total financial income	**2,644**	**1,726**
Net financial income/(expense)	**(19,744)**	**(12,859)**

22 Income tax expense

Income tax comprises of the following:

In thousands of US Dollars	2024	2023
Current tax	(202)	(34)
Deferred tax	(5,829)	(5,280)
Income tax (expense)/credit for the year	**(6,031)**	**5,314**

Reconciliation between the expected and the actual tax is provided below.

In thousands of US Dollars	2024	2023
Profit before income tax	**2,857**	**20,413**
Theoretical tax charge at statutory rates of:		
- BVI – 0%	-	-
- Cyprus – 12.5%	(407)	(740)
- Ukraine – 18%	(588)	(2,586)
Effect of items which are non-deductible for taxation purposes	(2,963)	(1,382)
Other movements in tax loss carried-forward	(2,073)	(606)
Unrecognised tax loss carried-forward for the year	-	-
Utilisation of previously unrecognised tax loss carried-forward	-	-
Income tax (expense)/ credit for the year	**(6,031)**	**(5,314)**

The Group is subject to taxation in several tax jurisdictions, depending on the residence of its subsidiaries (primarily in Ukraine). Ukrainian corporate profit tax rate is 18%. The tax rate for Cyprus operations is 12.5%.

22. Income tax expense (continued)

In thousands of US Dollars	1 January 2024	Charged/(credited) to profit or loss	Currency translation effect	31 December 2024
Tax effect of deductible temporary differences				
Intercompany loans	1,995	34	(194)	1,835
Tax losses carried-forward	12,214	(2,243)	(1,079)	8,892
Loans issued	19	-	(2)	17
Residential premises stock	1,648	176	(167)	1,657
Accounts receivable	(15)	42	-	27
Other	333	3	(32)	304
Gross deferred tax asset	**16,194**	**(1,988)**	**(1,474)**	**12,732**
Less offsetting with deferred tax liabilities	(13,914)	3,887	1,168	(8,859)
Recognised deferred tax asset	**2,280**	**1,899**	**(306)**	**3,873**
Tax effect of taxable temporary differences				
Investment property and property, plant and equipment	(22,190)	(4,547)	2,345	(24,392)
Bank loan	(453)	(186)	53	(586)
Investments in associates	(164)	-	15	(149)
Accounts payable	(2,063)	897	159	(1,007)
Other borrowings	(231)	(4)	22	(213)
Gross deferred tax liability	**(25,101)**	**(3,840)**	**2,594**	**(26,347)**
Less offsetting with deferred tax assets	13,914	(3,888)	(1,169)	8,857
Recognised deferred tax liability	**(11,187)**	**(7,728)**	**1,425**	**(17,490)**
Recognised net deferred tax liability	**(8,907)**	**(5,828)**	**1,120**	**(13,615)**

In thousands of US Dollars	1 January 2023	Charged/(credited) to profit or loss	Currency translation effect	31 December 2023
Tax effect of deductible temporary differences				
Intercompany loans	2,407	(336)	(76)	1,995
Tax losses carried-forward	13,292	(606)	(472)	12,214
Loans issued	336	(316)	(1)	19
Residential premises stock	1,169	543	(64)	1,648
Accounts receivable	(102)	86	1	(15)
Other	183	163	(13)	333
Gross deferred tax asset	**17,285**	**(466)**	**(625)**	**16,194**
Less offsetting with deferred tax liabilities	(11,077)	(3,375)	538	(13,914)
Recognised deferred tax asset	**6,208**	**(3,841)**	**(87)**	**2,280**
Tax effect of taxable temporary differences				
Investment property and property, plant and equipment	(18,267)	(4,779)	856	(22,190)
Bank loan	(1,166)	696	17	(453)
Investments in associates	(171)	-	7	(164)
Accounts payable	(1,409)	(734)	80	(2,063)
Other borrowings	(243)	3	9	(231)
Gross deferred tax liability	**(21,256)**	**(4,814)**	**969**	**(25,101)**
Less offsetting with deferred tax assets	11,077	3,375	(538)	13,914
Recognised deferred tax liability	**(10,179)**	**(1,439)**	**431**	**(11,187)**
Recognised net deferred tax liability	**(3,971)**	**(5,280)**	**344**	**(8,907)**

23 Contingencies, Commitments and Operating Risks

Tax legislation. Ukrainian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and State authorities. Recent events within Ukraine suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The Group occasionally conducts transactions at terms that may be assessed by the Ukrainian tax authorities as non-market. However, it is possible with evolution of the interpretation of tax law in Ukraine and changes in the approach of tax authorities, that such transactions could be challenged in the future. The impact of any such challenge cannot be estimated.

The transfer pricing rules in Ukraine are, to a certain extent, aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length or not supported by appropriate documentation. The threshold for the reporting of controlled transactions is UAH 10 million (US Dollars 231 thousand) net of VAT, for all transactions with one counterparty cumulatively for the year if the taxpayer's total revenue for the year exceeds UAH 150 million (US Dollars 3,473 thousand) net of VAT. Given that the practice of implementation of the new transfer pricing rules in Ukraine has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated; however, it may eventually be significant to the financial position and/or the overall operations of the Group. The Group is required to submit a report with details on controlled transactions by 1 October 2025 according to the tax changes, and relevant transfer pricing documentation not later than 1 month following the request of the tax office.

Pledged assets. All pledged assets as at each reporting date are disclosed in Note 15.

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

Insurance. The insurance industry in Ukraine is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has insured its investment property, residential premises stock and property and equipment to compensate for expenses arising from accidents. The Group has also insured certain professional responsibility in relation to its property management activity. The Group does not have full coverage for business interruption, or third-party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains full insurance coverage, there is a risk that the loss or destruction of certain assets and other circumstances could have a material adverse effect on the Group's operations and financial position.

Compliance with covenants. The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. The covenants impose restrictions on the purposes for which the loans may be utilised, covenants with respect to the disposal of assets held by the borrower, incurrence of additional liabilities, issuance of loans and guarantees, obligations in respect of any future reorganisation procedures and also require that the borrower maintains pledged assets to their current value and condition. In addition, these agreements contain covenants with respect to compliance with certain financial ratios, clauses in relation to performance of the borrower, including debt-service coverage ratio, equity ratio, loan to value ratio. The Group was in compliance with covenants at 31 December 2024 and 31 December 2023 and breached some covenants as at 31 December 2022. For more detail please refer to notes 3 and 15.

Capital expenditure commitments. As at 31 December 2024, the Group had contractual capital expenditure commitments in respect of investment property and property, plant and equipment totaling to US Dollars 69,281 thousand (31 December 2023: US Dollars 74,985 thousand). Amounts are presented net of VAT.

24 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising mainly from monetary items, including bank accounts, related party and bank loans denominated in US Dollar. The Group manages foreign currency risk on an overall basis. The Group's policy is not to enter into any currency hedging transactions.

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	At 31 December 2024			At 31 December 2023		
In thousands of US Dollars	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
UAH	27,942	(25,883)	**2,059**	40,770	(17,567)	**23,203**
US Dollars	28	(18,989)	**(18,961)**	5,600	(33,215)	**(27,615)**
EUR	15,094	(57,804)	**(42,710)**	12,288	(58,207)	**(45,919)**
Total	**43,064**	**(102,676)**	**(59,612)**	**58,658**	**(108,989)**	**(50,331)**

At 31 December 2024, if the US Dollar had strengthened/weakened by 10% against UAH with all other variables held constant, post tax profit for 2024 would have been US Dollars 1,555 thousand lower/higher. At 31 December 2023, if the US Dollar had strengthened/weakened by 10% against UAH with all other variables held constant, post tax profit for 2023 would have been US Dollars 2,322 thousand lower/higher.

At 31 December 2024, if the EUR had strengthened/weakened by 10% against UAH with all other variables held constant, post tax profit for 2024 would have been US Dollars 3,432 thousand lower/higher. At 31 December 2023, if the EUR had strengthened/weakened by 10% against UAH with all other variables held constant, post tax profit for 2023 would have been US Dollars 3,726 thousand lower/higher.

(ii) Price risk

The Group is not exposed to price risk.

(iii) Cash flow and fair value interest rate risk

The Group has no variable interest-bearing assets and liabilities.

The Group is also not exposed to fair value interest rate risk as the remeasurement of its fixed interest rate financial instruments does not affect Group equity or consolidated statement of comprehensive income.

(iii) Cash flow and fair value interest rate risk

The Group monitors interest rates for its financial instruments. The table below summarises effective interest rates at the respective end of the reporting period based on reports reviewed by key management personnel:

	31 December 2024		31 December 2023	
In % p.a.	**EUR**	**US Dollar**	**EUR**	**US Dollar**
Liabilities				
Bank and other borrowings	6.86%-7.5%	7.5%	6.86%-7.5%	7.5%

24 Financial Risk Management (continued)

Accounts receivable and payable are interest-free and have settlement dates within one year.

(b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures with respect to outstanding receivables. Credit risk is managed on a Group basis by placing limits on the Group's exposure to a single counterparty, or groups of counterparties. Such risks are subject to an annual and more frequent review. The utilisation of credit limits is regularly monitored.

The Group has no significant concentrations of third-party credit risk.

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Expo-sure to credit risk arises as a result of the Group's sales of services on credit terms and other transactions with counterparties giving rise to financial assets. The carrying amounts of financial assistance given, accounts receivables and bank balances represent the Group's maximum exposure to credit risk at the end of the reporting period (Notes 6, 11 and 12).

Credit risk management. Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties. The Group has no significant concentrations of third-party credit risk.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Group risk grades estimated by external international rating agencies (Standard & Poor's - "S&P", Fitch, Moody's). Credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	Corresponding ratings of external international rating agencies (Moody's)	Corresponding PD interval
Excellent	Aaa to Ba1	0,00% - 0,4%
Good	Ba2 to B1	0,7% - 1,2%
Satisfactory	B2 to B3	2,7% - 3,5%
Special monitoring	Caa1 to Ca-C	4,2% - 35,4%
Default	C and below	100%

(b) Credit risk

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Excellent* – strong credit quality with low expected credit risk;
- *Good* – adequate credit quality with a moderate credit risk;
- *Satisfactory* – moderate credit quality with a satisfactory credit risk;
- *Special monitoring* – facilities that require closer monitoring and remedial management; and
- *Default* – facilities in which a default has occurred.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default are applied for the following financial instruments: cash and cash equivalents.

Expected credit loss measurement. Expected credit loss is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). Expected credit losses are modelled over asset's *lifetime period.*

24 Financial Risk Management (continued)

The *lifetime period* is equal to the remaining contractual period to maturity of debt assets, adjusted for expected prepayments, if any.

Management models *Lifetime expected credit loss,* that is, losses that result from all possible default events over the remaining lifetime period of the financial asset.

The expected credit losses that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes.

For purposes of measuring probability of default, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is classified in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
  - the borrower is deceased;
  - the borrower is insolvent.

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group. The Group performs an assessment on an individual basis for loans receivables from related parties and for the following types of accounts receivable: with unique credit risk characteristics, individually significant balances, that is, individual exposures above 5% of gross caption amount.

The Group use a "provision matrix" for calculating expected losses as a practical expedient for calculation of expected credit loss for accounts receivable. The "provision matrix" is based on the Group's historical default rates over the expected lifetime of the trade receivables. Based on management estimation, there is no material effect from adjustment of historical loss rates to current information on macroeconomic factors affecting the ability of the customers to settle the receivables, as performance obligations are short-term by nature. The expected credit loss on financial assistance given is estimated based on credit rating of Ukraine estimated by external international rating agency (Moody's) and corresponding probability of default and loss given default interval.

(c) Liquidity risk

The Group's liquidity position is monitored on a regular basis by management. The table below shows financial liabilities by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because amounts disclosed in there are based on discounted cash flows.

At 31 December 2024 *In thousands of US Dollars*	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Other borrowings	(23)	(9,770)	-	(9,793)
Bank loan	(39,518)	(32,538)	-	(72,056)
Lease liabilities	(286)	(1,143)	(2,972)	(4,401)
Accounts payable and other liabilities	(24,688)	-	-	(24,688)
Total	**(64,515)**	**(43,451)**	**(2,972)**	**(110,938)**

At 31 December 2023 *In thousands of US Dollars*	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Other borrowings	(38)	(4,311)	-	(4,349)
Bank loan	(39,019)	(41,248)	-	(80,267)
Lease liabilities	(316)	(1,265)	(3,605)	(5,186)
Accounts payable and other liabilities	(27,943)	-	-	(27,943)
Total	**(67,316)**	**(46,824)**	**(3,605)**	**(117,745)**

25 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group issues new participant units or sell assets to reduce debt. Net debt is calculated as total borrowings (including "current and non-current borrowings") less cash and cash equivalents. Total net assets are calculated as equity plus net assets attributable to non-controlling participants in subsidiaries.

The Group has yet to determine its optimum gearing ratio. The Group does not have a credit rating assigned by international rating agencies.

In thousands of US Dollars	2024	2023
Total borrowings (Note 15)	76,545	77,237
Lease liabilities (Note 16)	1,444	1,631
Less: cash and cash equivalents (Note 13)	(3,967)	(16,730)
Less: tenant deposits (Note 11)	(1,261)	(1,085)
Less: debt service reserve account (Note 11)	(1,970)	(1,945)
Net debt	**70,791**	**59,108**
Equity	181,676	188,045
Total net assets	**181,676**	**188,045**
Gearing ratio	**39%**	**31%**

26 Fair Values of Financial Instruments

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is required to interpret market data to determine estimated fair values. Ukraine continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of accounts receivable approximate their fair values.

Liabilities carried at amortised cost. The fair value is based on quoted market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturities, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid.

27 Events After the Reporting Period

From 1 January to 30 April 2025, 5,586,933 the Group's subsidiary treasury shares were sold to the other related party, and a payment amounted to UAH 385,001 thousand was received.

On March 24, 2025, the Group's subsidiary treasury shares of 438,550 were repurchased for the amount of UAH 28,817 thousand.

Other than as disclosed above and in Note 2, there were no other material events after the balance sheet date, which have a bearing on the understanding of financial statements.

Independent Auditor's Report in **pages 2 - 4**