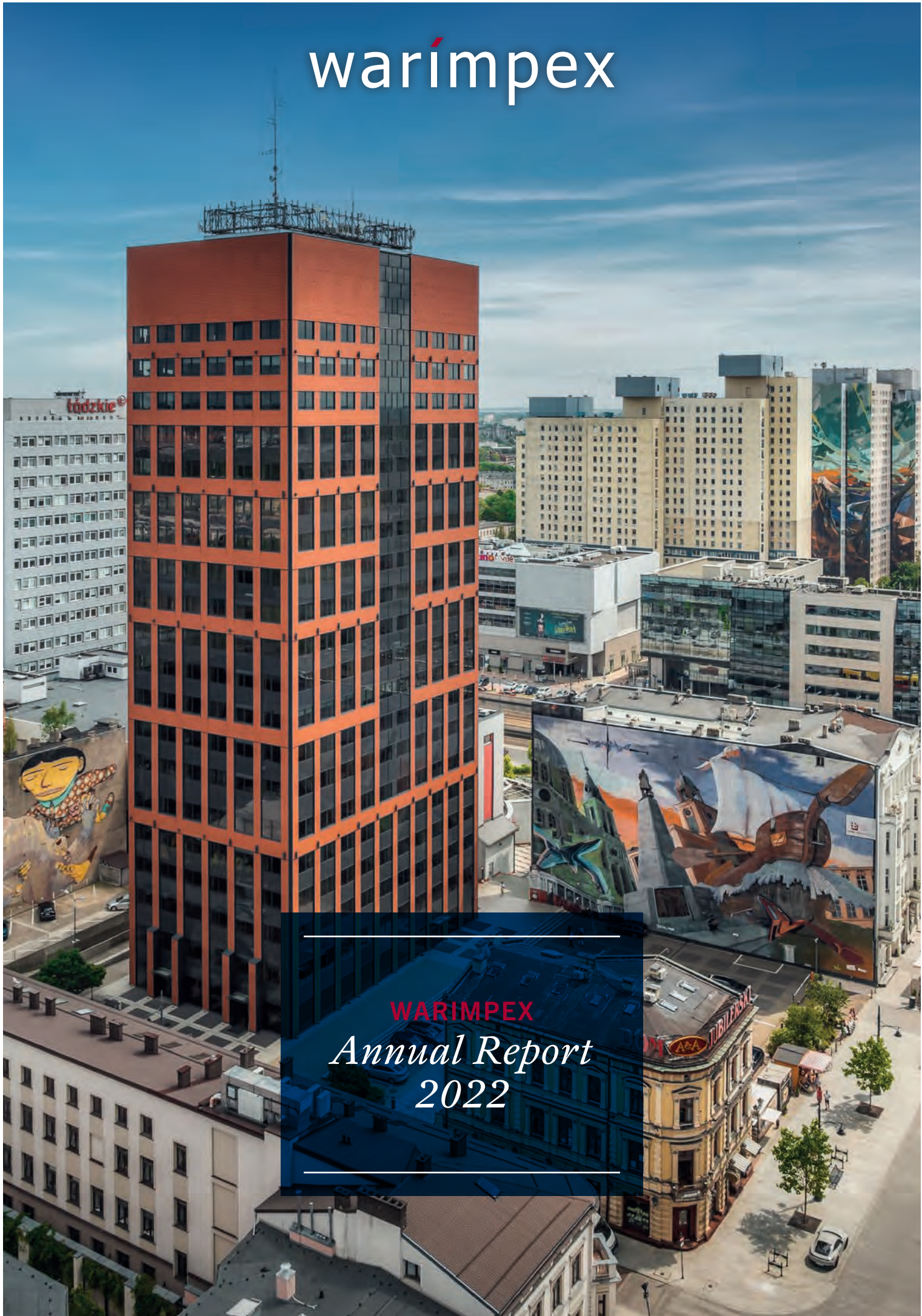


warimpex



WARIMPEX  
*Annual Report*  
2022

## WARIMPEX GROUP

*Key Figures*

in EUR '000	2022	Change	2021
Investment Properties revenues	33,154	64%	20,267
Hotels revenues	9,273	92%	4,836
Development and Services revenues	2,709	67%	1,618
<i>Total revenues</i>	<i>45,136</i>	<i>69%</i>	<i>26,720</i>
Expenses directly attributable to revenues	-16,100	52%	-10,597
<i>Gross income from revenues</i>	<i>29,036</i>	<i>80%</i>	<i>16,123</i>
Gains or losses from the disposal of properties	2,821	–	–
EBITDA	16,498	14%	14,512
Depreciation, amortisation, and remeasurement	42,649	–	1,025
EBIT	59,148	281%	15,537
Financial result	-6,522	–	-613
Profit or loss for the period (annual result)	42,864	258%	11,980
Net cash flow from operating activities	11,353	128%	4,977
Equity and liabilities	455,068	17%	388,118
Equity	170,289	37%	124,717
Equity ratio	37%	5 pp	32%
Number of shares	54,000,000	–	54,000,000
Earnings per share in EUR	0.82	249%	0.24
Number of treasury shares as at 31 December	1,939,280	–	1,939,280
Number of office and commercial properties	9	1	8
Lettable office space (adjusted for proportionate share of ownership)	126,300 m <sup>2</sup>	28,800 m <sup>2</sup>	97,500 m <sup>2</sup>
m <sup>2</sup> with sustainability certificates (adjusted for proportionate share of ownership)	75,400 m <sup>2</sup>	21,600 m <sup>2</sup>	53,800 m <sup>2</sup>
in % of the total floor area	60%	5 pp	55%
Number of hotels	4	–	4
Number of hotel rooms (adjusted for proportionate share of ownership)	831	–	831
	<b>31/12/2022</b>	<b>Change</b>	<b>31/12/2021</b>
Gross asset value (GAV) in EUR millions	429.3	17%	365.8
NNNAV per share in EUR	3.78	37%	2.76
EPRA NTA	3.59	36%	2.63
End-of-period share price in EUR	0.65	-42%	1.12

WARIMPEX ANNUAL REPORT 2022

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**Red Tower**  
Łódź, PL



**MC55 Office**  
Białystok, PL

Warimpex is a “hybrid” real estate company that develops and operates properties itself as an asset manager and property owner until the time at which the highest added value can be realised through sale. The majority of these projects is located in Central and Eastern Europe.

Accordingly, the Warimpex Group generates ongoing cash flows from the letting of office space and the operation of hotel properties while simultaneously realising proceeds from property sales.

Sustainability is a key success factor for Warimpex.

Environmental and social megatrends are leading to new requirements for properties – at a pace that will accelerate significantly in the coming years. We are already taking measures today to ensure that our properties remain attractive and retain their value over the long term, with a focus on innovative buildings for a carbon-free future, the efficient use of resources, proximity to nature, and health and well-being. In this way, we also contribute to the transition to a sustainable economy and society.

The hybrid business model is particularly well-suited to allow Warimpex to integrate environmental and social aspects into its property development activities. Because Warimpex does not just develop properties with a short-term outlook, but also holds them in its portfolio and operates them itself for an indefinite period of time, long-term value retention and low operating costs are in the Group’s own interest.

WARIMPEX

# An Overview

## Evolution of the Warimpex Group

Warimpex was founded in 1959 by Stefan Folian as an import/export and transit trading company. From 1982 onwards, under the management of Georg Folian and Franz Jurkowitsch, the Company started to specialise in real estate projects in Central and Eastern Europe. Since that time, the Warimpex Group has developed real estate with investments amounting to more than two billion euros, including hotels in the five-, four-, and three-star categories. Warimpex has increasingly focused on the development of office buildings in recent years.

## Development and asset management

Real estate project development and operations are coordinated by Warimpex in Vienna together with the local branch offices in Budapest, St. Petersburg, Krakow, and Łódź. Warimpex also builds upon its successful, long-standing cooperative projects with international hotel groups such as the InterContinental Group, Kempinski, and Accor.

The Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing properties into hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties. Building energy-efficient buildings is a matter of course for us.

## Existing portfolio

As at the end of 2022, Warimpex was the owner, co-owner, or leaseholder of nine commercial and office buildings with a total floor area of some 126,300 square metres, plus four hotels with a total of 1,000 rooms (roughly 800 rooms when adjusted for the proportionate share of ownership) in Poland, Germany, Russia, Hungary, and Austria.

Due to the long service life of properties, the decisions we make today have an impact for the next 10 to 30 years. In the coming years, climate protection and the sustainable use of resources will become even more important than they already are today. Real estate companies have to respond now – for instance in the area of climate protection. In order to achieve the 2-degree target defined at the Paris climate conference in 2015, we will have to transform into a low-carbon economy that hardly emits any carbon dioxide by 2050. This already has to be factored into long-term investments today. Warimpex is aware of its far-reaching responsibility in this context and does not see properties merely as economic goods, but also takes the ecological and social aspects into account in every stage of the planning. This basic philosophy reflects a deep-seated conscientiousness and respect for people and the environment and shapes both the Company's corporate culture and its concrete activities in all areas of business.

# Highlights

2022

## Operational highlights

### 06/2022

Warimpex sells B52 Office in Budapest

### 07/2022

Warimpex purchases office building in Łódź

### 07/2022

Avior Tower, St. Petersburg completed

## Financial highlights

- Revenue of EUR 45.1 million (up 69 per cent)
- Gross income from revenues of EUR 29.0 million (up 80 per cent)
- EBITDA of EUR 16.5 million (up 14 per cent)
- Depreciation, amortisation, and remeasurement of EUR 42.6 million
- EBIT of EUR 59.1 million
- Profit for the financial year of EUR 42.9 million
- Real estate assets of EUR 429.3 million (up 17 per cent)
- EPRA NTA per share of EUR 3.59 (up 36 per cent)

## FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

*Dear Shareholders,*

Despite challenging conditions, we can look back on very positive business development for 2022. While the economic effects of the coronavirus pandemic faded away almost entirely over the course of the year, Warimpex continues to focus on the current geopolitical developments in connection with the conflict in Ukraine as well as the rise in inflation.

**Positive annual result**

A detailed look at the financial metrics for 2022 shows that nearly every key indicator improved significantly versus the prior year.

Performance improvements for offices (plus 64 per cent) and hotels (plus 92 per cent) were the most significant drivers of the increase in total revenues to EUR 45.1 million (plus 69 per cent). In addition, an earnings contribution of EUR 2.8 million came from the successful disposal of the B52 office building in Budapest, while no sales transactions were completed in the prior-year period. EBITDA rose to EUR 16.5 million (plus 14 per cent), primarily due to the higher gross income from revenues and the gains on the disposal of properties. This was countered by increases in expenses due to elevated inflation, the stronger rouble exchange rate, and the elimination of earnings from one-off effects in the prior year. EBIT increased by EUR 15.5 million to EUR 59.1 million due to the higher EBITDA and the improved result from property valuation. Finance income (including earnings from joint ventures) went from minus EUR 0.6 million to minus EUR 6.6 million. One-off effects were eliminated here, as well. In total, this resulted in a profit for the period of EUR 42.9 million, up from EUR 12.0 million in the prior-year period.

These positive developments can be attributed primarily to higher occupancy at the office properties in Poland, the first-time full consolidation of an office property in St. Petersburg, and not least the renewed strength of the Russian rouble in 2022.

**Office developments planned in Poland and Germany**

The solid business development is based not least on our long-standing business strategy that affords us both the necessary flexibility to be able to react to market developments quickly and the long-term stability to excel at developing real

estate projects in line with market requirements. The focus continues to be on innovative and sustainable office developments with emphasis on Poland and Germany.

We purchase properties that provide cash flows via existing leases and also offer development potential, for example the Red Tower that was acquired in Łódź at the end of June 2022 and will now be refurbished on a step-by-step basis. We sell at the time with the highest realisation potential, as was recently the case with the sale of the B52 office building in Budapest, also at the end of June. We build as soon as there is an appropriate level of tenant demand, as at Mogilska 35 Office in Krakow, where the topping-out ceremony was celebrated after the reporting period in February 2023. Also in Krakow, a building permit was issued for Chopin Office. And finally, we utilise property reserves, for example in the Polish city of Białystok, where a building permit has been secured for the MC 55 office building, or in the German city of Darmstadt, where the planning for the West Yard 29 office building is at an advanced stage.

In Russia, Warimpex owns a 100 per cent stake in the project companies responsible for AIRPORTCITY St. Petersburg, which are stable and self-sufficient. The properties are financed through local banks in local currency, have a solid capital base, and cover their liquidity needs themselves. This means that our Russian subsidiaries act autonomously and independently of the support of the parent company. At present, it is possible to continue the operational activities in Russia without significant restrictions. Avior Tower 1, which offers roughly 18,600 square metres of space, was completed in the third quarter of 2022 and has already been fully occupied since January 2023. New projects are not planned at present.

**Sustainability and coworking offerings**

Energy efficiency, the use of renewable energy sources, and reducing carbon emissions are core considerations in the construction and refurbishment of our buildings, because sustainability has been much more than a peripheral topic for us for quite some time. Our properties Ogrodowa Office in Łódź and Mogilska 43 Office in Krakow were classified as Taxonomy-aligned in accordance with the EU Taxonomy Regulation for the first time and had already been awarded BREEAM In-Use – Excellent certification before that. We generally plan to



obtain sustainability certifications for all new developments. In addition, we are initiating innovative office concepts as a response to the shift towards a more flexible working world. We have now established coworking/flex office spaces at three of our properties – Ogródowa Office and Red Tower in Łódź and Mogilska 43 Office in Krakow – which we manage through a separate subsidiary. We let out workstations on a short- to medium-term basis and also offer excellent work infrastructure such as flexible partitioning and layouts as well as areas and conference rooms that are tailored to the needs of small and medium-sized businesses. These offerings are being received well and will therefore be expanded.

#### Outlook

Our operational focus in 2023 is on making preparations for construction, obtaining building permits, and continuing ongoing construction and development activities: For example, Mogilska 35 Office is scheduled to be completed in the summer of 2023.

Management continues to focus on the current geopolitical developments in connection with the conflict in Ukraine. The Management Board is monitoring the economic and legal developments in Russia very closely in coordination with the Supervisory Board in order to be able to react quickly to current events if necessary.

Overall, we succeeded in consistently executing our strategy in 2022 despite challenging market conditions and are thus starting off the new financial year with an optimistic outlook. We do so together with our employees, whom I would like to take this opportunity to thank for their hard work and dedication. At the same time, I would like to thank you, our esteemed shareholders, for the trust you have placed in us.

Vienna, April 2023

Franz Jurkowitsch



*Franz  
Jurkowitsch*

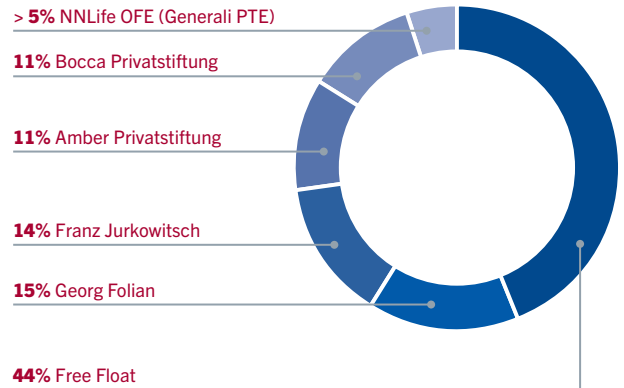
CHAIRMAN OF THE  
MANAGEMENT BOARD

## Investor Relations

The share price was EUR 1.14 and PLN 5.00 at the beginning of the year, and the share performed well until February 2022, climbing to EUR 1.20 and PLN 5.68. Following the start of the Ukraine conflict, the share price declined, and the closing price as at 30 December 2022 was EUR 0.65 and PLN 3.40.

Since our IPO, we have maintained an open and proactive communication policy with our investors. Warimpex participated in investor conferences organised by Raiffeisen Centrobank and Erste Bank in 2022.

### SHAREHOLDER STRUCTURE AS AT 10 APRIL 2023



## SHARE PRICE PERFORMANCE



## KEY SHARE DATA

<b>ISIN</b>	AT0000827209
<b>Number of shares as at 31/12/2022</b>	54,000,000
<b>Ticker symbols</b>	Stock Exchanges WXF Reuters WXFB.VI
<b>High*</b>	EUR 1.22   PLN 5.68
<b>Low*</b>	EUR 0.60   PLN 2.76
<b>Price as at 30/12/2022</b>	EUR 0.65   PLN 3.40
* Last 52 weeks	

### Warimpex is included in the following indices, among others:

<b>Vienna</b>	ATX Prime, Immobilien-ATX
<b>Warsaw</b>	WIG, WIG-real estate
<b>100-day trading average</b>	in Vienna roughly 11,500 shares

WARIMPEX

# Corporate Governance Report

In accordance with the recommendation in the AFRAC opinion on corporate governance reports, the corporate governance report of the parent company and the consolidated corporate governance report are being merged into a single report.

## • Commitment to the Code of Corporate Governance

Warimpex is committed to compliance with the Austrian Code of Corporate Governance (ACCG) as well as the Polish Best Practice for GPW Listed Companies 2021. The Management Board declares that it complies with both sets of guidelines to the best of its ability and published its corporate governance report at [www.warimpex.com](http://www.warimpex.com) (Company/ESG). Deviations from individual corporate governance rules relate to the Company's structure and/or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations.

## Austrian Code of Corporate Governance, as amended in January 2021

The Austrian Code of Corporate Governance (as amended in January 2021 and which was applied for financial year 2022, [www.corporate-governance.at](http://www.corporate-governance.at)) contains rules that must be followed (L-Rules), rules that are not mandatory for the Company but for which justification must be provided in the event of non-compliance (C-Rules), and rules that are entirely optional for the Company. Failure to comply with them requires no justification (R-Rules). Overall, the Company's statutes and the internal terms of reference for the Management Board and the Supervisory Board comply with the L-Rules in full, and with all of the C-Rules except as explained below:

- The Company has neither outsourced its internal auditing functions nor set up a separate staff unit for internal auditing purposes, which would be required by Rule 18. The Company has no intention to make such changes at this time. The Management Board has judged that such measures would be disproportionately cost intensive, and the implementation of Rule 18 is not planned for the foreseeable future for cost reasons.
- The remuneration of the Management Board is made up of fixed and variable components. The amount of the variable remuneration is not linked to any non-financial criteria as defined in Rule 27. This is intended to ensure objectivity and transparency. For further disclosures and information regarding the remuneration paid to the individual Supervisory Board members and the individual members of the Management Board, please consult sections 9.3.2.3. and 9.3.2.4. in the notes to the consolidated financial statements. Additional information is available in the report on the remuneration policy and the annual remuneration report on Warimpex's website.
- According to Rule 62, an external evaluation of compliance with the C-Rules must take place regularly, in any case at least every three years. The results of this evaluation must be presented in the corporate governance report. An internal evaluation is completed on the basis of the External Evaluation of Compliance with the Austrian Code of Corporate Governance questionnaire, which is also used for external evaluations. No external evaluation is conducted for cost reasons.
- The financial auditor does not assess the effectiveness of the Company's risk management system in a separate report as defined in Rule 83. Such an external evaluation is not conducted for cost reasons, as in the course of auditing the financial statements, financial auditors also gain an understanding of the internal controls that are relevant for the audit.

## Poland – Best Practice for GPW Listed Companies 2021

The Company has decided to comply with these Polish rules, with the following exceptions. The majority of the exceptions relate to Austrian law, to which the Company is subject.

- Rules 1.4.1–1.5: The Company voluntarily prepares a detailed consolidated non-financial report (sustainability report as part of the management report). This report includes a sustainability strategy. An equal pay index for employees is not published due to the significant differences in the employees' areas of responsibility and places of employment. The Company's sponsorship activities are not reported separately for each charity organisation due to the very low extent to which the Company engages in such activities.
- Rules 2.1–2.2: The Company does not have a binding diversity concept. Further information can be found in this report under the heading "Diversity concept – measures for promoting women".
- Rule 2.11.: Austrian law does not require an assessment by the Supervisory Board of the internal control, risk management, and compliance systems and other such systems. Austrian law requires that a Supervisory Board report be submitted to the annual general meeting; the contents of this report do not fully satisfy the Polish regulations.
- Rules 3.1 and 3.4–3.8: The Company has neither outsourced its internal auditing functions nor set up a separate staff unit for internal auditing purposes. The Company has no intention to make such changes at this time. The Management Board has judged that such measures would be disproportionately cost intensive, and the implementation of this is not planned for the foreseeable future for cost reasons.
- Rules 4.1, 4.3, and 4.5.: Webcasts of the Company's Annual General Meeting are not offered due to the high costs involved. The Company allows votes to be cast by authorised proxy, and this option is exercised by numerous Polish institutional investors. Annual General Meetings are conducted according to Austrian law.
- Rule 6.4: The Company's remuneration policy, which was prepared in accordance with Austrian stock corporation regulations and put to a vote by the Annual General Meeting, provides for meeting attendance fees for each meeting of the Supervisory Board or a committee. Annual fixed remuneration can also be established by way of a resolution of the Annual General Meeting.

## SUMMARY OF THE BOARDS AND OFFICERS AND THE CORRESPONDING REMUNERATION

*Management  
Board*

**Daniel Folian**  
Deputy Chairman

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Year of birth: 1980  
First appointed: 1 January 2018  
Appointed until 31 December 2027  
Responsibilities:  
finances and accounting,  
investor relations,  
and financial management



**Franz Jurkowitsch**  
Chairman of the Management Board

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Year of birth: 1948  
First appointed: 2 September 1986  
Appointed until 31 December 2027  
Responsibilities:  
strategy and corporate  
communications



**Florian Petrowsky**

Member of the Management Board

Year of birth: 1967

First appointed: 1 May 2014

Appointed until 30 April 2024

Responsibilities:  
transaction management,  
organisation, human resources,  
and legal issues



**Alexander Jurkowitsch**

Member of the Management Board

Year of birth: 1973

First appointed: 31 July 2006

Appointed until 31 March 2024

Responsibilities:  
planning, construction, IT,  
and information management

## Supervisory Board



### Hubert Staszewski

Member of the Supervisory Board

Year of birth: 1972  
 First appointed: 8 June 2016  
 Current period of office ends  
 in 2022 (37<sup>th</sup> AGM)

### Thomas Aistleitner

Deputy Chairman of the  
 Supervisory Board

Chairman of the Audit Committee  
 Member of the Project Committee  
 Member of the Personnel Committee

Year of birth: 1953  
 First appointed: 11 June 2012  
 Current period of office ends in 2026  
 (41<sup>st</sup> AGM)

### Gina Goëss

Member of the Supervisory Board

Year of birth: 1956  
 First appointed: 14 September 2021  
 Current period of office ends  
 in 2025 (40<sup>th</sup> AGM)

### Günter Korp

Chairman of the Supervisory Board  
 Deputy Chairman of the Audit  
 Committee/financial expert  
 Chairman of the Personnel Committee  
 Deputy Chairman of the  
 Project Committee

Year of birth: 1945  
 First appointed: 16 October 2009  
 Current period of office ends in 2026  
 (41<sup>st</sup> AGM)





### Harald Wengust

Member of the Supervisory Board  
 Chairman of the Project Committee  
 Member of the Audit Committee  
 Deputy Chairman of the  
 Personnel Committee

Year of birth: 1969

First appointed: 16 October 2009

Current period of office ends in  
 2026 (41<sup>st</sup> AGM)

All members of the Supervisory Board are independent as defined by C-Rule 53 of the Austrian Code of Corporate Governance. The guidelines for independence are based on the guidelines published in Annex 1 to the Code.

A member of the Supervisory Board shall be deemed independent if said member does not have any business or personal relations with the Company or its Management Board that constitute a material conflict of interests and is therefore suited to influence the behaviour of the member.

The Supervisory Board shall also follow the guidelines below when defining the criteria for the assessment of the independence of a member of the Supervisory Board:

- The Supervisory Board member shall not have served as member of the Management Board or as a management-level staff member of the Company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the Company or one of its subsidiaries to an extent of significance for the member of the Supervisory Board. This shall also apply to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but not for exercising functions in the bodies of the Group.
- The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 does not automatically mean the person is qualified as not independent.
- The Supervisory Board member shall not have acted as auditor of the Company or have owned a share in the auditing company or have worked there as an employee in the past three years.
- The Supervisory Board member shall not be a member of the management board of another company in which a member of the Management Board of the Company is a supervisory board member.
- A Supervisory Board member may not remain on the Supervisory Board for more than 15 years. This shall not apply to Supervisory Board members who are shareholders with a direct investment in the Company or who represent the interests of such a shareholder.
- The Supervisory Board member shall not be a close relative (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) of a member of the Management Board or of persons who hold one of the positions described in the previous items.

A directors and officers liability insurance policy has been taken out.

## Information about the procedures of the Management Board and Supervisory Board

### The Management Board

The terms of reference for the Management Board govern the composition and procedures of the Board, collaboration between the Management Board and Supervisory Board, how conflicts of interest are to be handled, the reporting and disclosure obligations of the Board, and what decisions require the approval of the Supervisory Board (including the most important business transactions of the Company's material subsidiaries). The Management Board generally meets at least every two weeks to exchange information and decide on motions.

### Working principles of the Supervisory Board

The Supervisory Board discusses the position and objectives of the Company and adopts motions to fulfil its duties, in particular the supervision and strategic assistance of the Management Board. In addition to the composition, procedures, working principles, and responsibilities of the Supervisory Board, the terms of reference for this Board also govern how conflicts of interest are to be handled and specify the Supervisory Board committees (Audit Committee, Personnel Committee, and Project Committee) and their responsibilities and powers. The Supervisory Board held five meetings during the reporting period. Please refer to the Supervisory Board report for information about the focuses of the activities of and the number of meetings of the individual committees during the financial year.

Meetings were also held between the Supervisory Board and Management Board to discuss issues of Company management. All members of the Supervisory Board took part in more than half of the meetings of this Board during the reporting period.

### Committees

The Supervisory Board appoints an Audit Committee, a Project Committee, and a Personnel Committee from among its members. A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. The members of the committees are appointed for the duration of their tenure on the Supervisory Board. Each committee elects a chairman and a deputy chairman from among its members. Please refer to the information about the boards and officers of the Company for further details.

## Diversity concept – measures for promoting women

There is currently one woman serving on the Supervisory Board of Warimpex. There are 5 women in management positions – including one woman who serves as an authorised officer (Prokuristin) and one woman who serves as a local managing director – which represents a share of 33 per cent.

There are currently no concrete measures for the promotion of women in managerial positions in place at the Company.

At this time, the Company does not have a binding diversity concept that stipulates the consideration of criteria such as age, gender, education, and professional background in the appointment of members of the Management Board and Supervisory Board. The Company does not want to limit itself in the selection of board members. Nevertheless, the Management Board and Supervisory Board are very diverse in terms of the age, educational and professional background, and nationality of the members.

# Group Management Report

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022

## Economic conditions

### Ukraine crisis

Attention was particularly focused on the current geopolitical developments in 2022. On 24 February 2022, Russian troops invaded Ukraine, thus starting a conflict that has resulted in significant economic upheavals due to the international sanctions imposed against Russia as well as the reactions in Russia and will most likely continue to have an impact for some time. After falling substantially at the end of February 2022, the rouble stabilised again starting in April 2022 and strengthened up until December 2022, including in annual comparison. The key interest rate in Russia, which had been hiked to 20 per cent at the end of February, had returned to 7.5 per cent as at the reporting date (31 December 2021: 8.5 per cent).

In addition, inflation rose significantly in the Eurozone in 2022, due in part to energy price increases and shortages caused by the Ukraine conflict. The ECB reacted by raising the key interest rate in multiple steps starting in July 2022.

For information about the impact of the Ukraine conflict on the Group, please refer to the information in the consolidated financial statements as at 31 December 2022, section 3.4.1., and the section “Outlook” in the management report.

### COVID-19

While the 2021 financial year was still shaped by government-ordered measures such as lockdowns, travel bans, and the closure of hotels and businesses – albeit to a lesser extent than in 2020 – the measures were gradually loosened starting in March 2022 and the pandemic is now only playing a minor role in the daily lives of most people. The impact on the Group is described in section 3.4.2. of the consolidated financial statements.

# Markets



Ogrodowa 8 Office  
Łódź, PL

## MARKETS

*Poland***Economic environment**

Prime yields for office properties in Krakow ranged from 5.75 per cent to 6.50 per cent<sup>1</sup>, while rents were between EUR 10.00 and EUR 16.00 per square metre in Krakow and between EUR 9.00 and EUR 15.00 per square metre in Łódź.<sup>2</sup> The vacancy rate was 16 per cent in Krakow and 21 per cent in Łódź at the end of 2022.<sup>3</sup>

**Existing portfolio: 4 office properties, 1 hotel**

Warimpex bought the Red Tower in Łódź at the end of June 2022. Renovations were started during the reporting period and are proceeding according to plan. The Red Tower is located in the heart of Łódź, is 80 metres high, and offers a gorgeous panoramic view as one of the highest office buildings in the city. The property was built in 1978 and completely modernised from 2006 to 2008. With more than 12,400 square metres of lettable space, the Red Tower offers office space with flexible partitioning and layouts. A typical storey has an area of around 650 square metres with large windows and light wells that ensure that all workstations are well lit. In the future, a coworking zone will offer further flexible areas tailored to the needs of small and medium-sized businesses as well as conference rooms and a relaxation area. Around 20 per cent of the space of the office building was occupied as at the reporting date; additional tenants have been secured in the meantime.

Ogrodowa Office was opened in Łódź at the beginning of October 2018. The building is a state-of-the-art office property located directly in the Łódź city centre near the Manufaktura shopping centre. The tenants include Orange Polska, PwC Poland, and Harman Connected Services. Ogrodowa Office was awarded BREEAM In-Use – Excellent certification and is classified as Taxonomy-aligned according to the EU Taxonomy Regulation. Around 87 per cent of the space at the office building was occupied as at 31 December 2022.

Mogilska 43 Office was completed in early April 2019. A full 100 per cent of the office space was occupied as at 31 December 2022. Mogilska 43 Office is an ultra-modern, class A office building that encompasses a total of 12,900 square metres over nine floors. Large glass surfaces provide natural lighting for the offices, and the efficient climate control system ensures the optimal temperature and humidity. Green balconies and terraces can be accessed directly from the office level. The building's ground floor contains retail and service spaces, and the two-storey garage offers 203 parking spaces as well as bike racks, changing rooms, and showers. Mogilska 43 Office meets the

highest environmental standards and has been awarded BREEAM In-Use – Excellent certification. The office property is classified as Taxonomy-aligned according to the Taxonomy Regulation.

An office building in Krakow (Mogilska 41 Office) with roughly 5,100 square metres of space was acquired in 2017, renovated, and handed over to the new tenant in September 2019. The building has been fully occupied since then.

Warimpex has been 50 per cent leaseholder of the five-star InterContinental in Warsaw since December 2012. As part of a lease agreement, the hotel is being leased back at a fixed rate and managed under the InterContinental brand until 2040. Occupancy at the InterContinental hotel increased from 37 per cent in the prior year to 76 per cent and the average room rate in euros advanced by roughly 18 per cent. The lease payments were reduced by the lessor in the first half of 2022 due to the pandemic, and in turn the lease agreement was extended by another 18 months to 31 May 2040.

**Under development: 3 office buildings, reserve properties**

Construction started on Mogilska 35 Office, a modern office building with roughly 11,900 square metres of space, in November 2021. The building is scheduled to be completed in 2023. BREEAM certification is planned for the building. Based on the environmental standards that were taken into account in the development of the property, it was preliminarily classified as Taxonomy-aligned in accordance with the EU Taxonomy Regulation.

In recent years, Warimpex has acquired smaller, partially developed properties adjacent to the two existing Mogilska office buildings and the Mogilska 35 project. The Mogilska Phase IV project will subsequently be built on these properties. The initial demolition work has already been completed.

Warimpex is also the owner of a development property next to the Chopin Hotel in Krakow, on which an office building with around 21,200 square metres of space is to be built. A building permit has already been issued.

Warimpex owns a development property in Białystok. Three office buildings with roughly 33,400 square metres of office space and 5,000 square metres of commercial space are to be built. A building permit was issued in March 2021.

<sup>1</sup> Knight Frank, Report for Warimpex

<sup>2</sup> Knight Frank, Report for Warimpex

<sup>3</sup> Knight Frank, Report for Warimpex

## MARKETS

*Hungary***Economic environment**

In Budapest, average rents increased from EUR 13.50 per month to EUR 14.00<sup>4</sup>, prime yields advanced by 75 basis points year-on-year to 6.00 per cent<sup>5</sup>, and vacancy rose from 9.2 per cent to 11.3 per cent.<sup>6</sup>

**Existing portfolio: 1 office property**

In Budapest, Warimpex owns the Erzsébet office building, which has a total net floor space of around 14,400 square metres.

Roughly 99 per cent of the space at Erzsébet Office was let out on the reporting date; 12,700 square metres (of 14,400 square metres) are let to the insurance company Groupama Biztosító zRT, a Hungarian branch of the international Groupama Group.

The B52 office building with over 5,200 square metres of net floor space was sold at a profit to Semmelweis University in June 2022.

<sup>4</sup> CBRE Market Outlook 2023, Hungary

<sup>5</sup> CBRE Market Outlook 2023, Hungary

<sup>6</sup> CBRE Market Outlook 2023, Hungary



## MARKETS

*Austria***Existing portfolio: 1 hotel**

In Vienna, Warimpex has a stake of around 10 per cent in the company holding the Palais Hansen Kempinski hotel. The other shareholders are Wiener Städtische Versicherung / Vienna Insurance Group and UBM Development AG. The hotel is Warimpex's first project in Austria and was opened in March 2013.





**AirportCity**  
St. Petersburg, RU



## MARKETS

*Russia***Economic environment**

The vacancy rate for class A office properties in St. Petersburg was 9.3 per cent at the end of September 2022 (prior year: 5.6 per cent), and average rents (including operating costs and VAT) came to roughly RUB 2,030 (around EUR 27; 2021: RUB 2,040) per square metre per month.<sup>7</sup>

**Existing portfolio:****3 office properties, 1 multi-use building, 1 hotel**

In St. Petersburg, Warimpex holds 100 per cent of AIRPORTCITY St. Petersburg following the acquisition of the non-controlling interests and the purchase of the remaining shares in the Jupiter 1 and 2 office towers, both in December 2021. In the first phase of the project, a four-star Crowne Plaza hotel (InterContinental Hotel Group) and two office towers (Jupiter 1 + 2) with 16,800 square metres of lettable space were opened at the end of December 2011. AIRPORTCITY St. Petersburg is being developed by the project company AO AVIELEN A.G. and is located in close proximity to the Pulkovo international airport in St. Petersburg. AIRPORTCITY is the first premium-class business centre in the region and is a key infrastructure project in the growing economic centre of St. Petersburg.

The Zeppelin office building with 15,500 square metres of lettable space was completed at AIRPORTCITY at the end of June 2015. The tower is completely let out. Zeppelin meets the highest environmental standards and has been awarded LEED – Gold certification. In addition, Warimpex owns the Bykovskaya multi-use building (with parking spaces for around 450 vehicles and roughly 2,200 square metres of office and 2,500 square metres of archive space), which has been fully occupied since it was completed in May 2017.

The construction of an office tower (Avior Tower 1) with roughly 18,600 square metres of lettable office space began in the fourth quarter of 2019. The building was completed in the third quarter of 2022. Avior Tower 1 is already fully occupied; the lease term began in January 2023.

The Airportcity Plaza hotel achieved occupancy of 48 per cent (1–12 2021: 44 per cent) while the average room rate in euros rose by 25 per cent versus the prior year.

After the withdrawal of the InterContinental Hotel Group from Russia in July 2022 and a rebranding, the hotel is being operated under the new name “Airportcity Plaza”.

**Under development: Development properties**

There are property reserves for around 150,000 square metres of office space at AIRPORTCITY St. Petersburg.

<sup>7</sup> Maris CBRE, Market Commentary, Saint Petersburg

## MARKETS

*Germany***Economic environment**

The transaction volume on the German real estate investment market totalled EUR 65.8 billion in 2022, only 7 per cent lower than the ten-year average.<sup>8</sup> Prime yields for office properties in Darmstadt increased from 3.9 per cent in the previous year to 4.10 per cent<sup>9</sup>.

**Existing portfolio: 1 hotel**

In April 2019, Warimpex acquired a hotel property in Darmstadt that had been closed since mid-2018 and reopened it under the name “The Hotel Darmstadt” in September 2019. Cycas Hospitality was tasked with managing the three-star superior conference hotel. Following the pandemic-related re-

strictions and extensive renovation, the hotel is once again welcoming guests under the name “greet”. With a total of 330 hotel and long-stay rooms and 37 conference, event, and project rooms spanning more than 4,500 square metres of conference, event, and exhibition space, as well as 1,000 square metres of office space that can also be rented on a short-term basis, the hotel is one of the biggest conference and event centres in the Rhine-Main region. The hotel’s occupancy was 30 per cent during the reporting period.

**Under development: Development properties**

The 30,000 square metre hotel property also offers property reserves for the development of further premium office and commercial space. The preparation of a new development plan and the permit planning for the first office building (West Yard 29 with roughly 13,800 square metres) are already at an advanced stage.

<sup>8</sup> CBRE Market Outlook 2023, Germany

<sup>9</sup> CBRE Valuation Report for Warimpex



**greet Hotel**  
**Darmstadt\*\*\*\*S**  
Darmstadt, D

## BUSINESS DEVELOPMENT

# Assets, Financial Position, and Earnings Situation

## Earnings situation

### Development of revenues

The rise in revenues from the rental of office properties (Investment Properties revenues) from EUR 20.3 million to EUR 33.2 million is due above all to the first-time inclusion of the revenues from the Jupiter office towers in St. Petersburg, which have been fully consolidated in the Group since the end of 2021, the recovery of the rouble following the currency's steep slide in February and March, and the higher occupancy rate of the Polish office properties.

During the 2022 financial year, revenues in the Hotels segment increased to EUR 9.3 million, which represents an increase of 92 per cent compared with the prior-year period. The development of revenues was still stunted by the COVID-19 pandemic in the previous year.

Total revenues rose by 69 per cent to EUR 45.1 million, and expenses directly attributable to revenues advanced by 52 per cent to EUR 16.1 million. This led to an 80 per cent increase in gross income from revenues to EUR 29.0 million (2021: EUR 16.1 million).

### Gains or losses from the disposal of properties

At the end of June 2022, the B52 office building in Budapest was sold under a share deal generating an earnings contribution of EUR 2.8 million.

The Group conducted no real estate transactions in the 2021 financial year.

### EBITDA

EBITDA (earnings before interest, taxes, depreciation, amortisation, and gains/losses on the remeasurement of investment properties) rose from EUR 14.5 million to EUR 16.5 million, primarily due to the improvement in gross income from revenues and the gains on the disposal of properties. This was countered by higher expenses due to elevated inflation, the stronger rouble exchange rate, the inclusion of the Jupiter office towers, and the elimination of one-off effects in the prior year.

### Depreciation, amortisation, and remeasurement

Depreciation, amortisation, and remeasurement amounted to EUR 42.6 million (2021: minus EUR 1.0 million). The net measurement result from the office assets (investment properties) came to EUR 45.8 million, while market value adjustments in the amount of EUR 2.5 million were recognised in the prior-year period. The measurement gains were primarily due to construction progress and the completion of development properties as well as new lettings, while higher interest rates and lower future earnings led to measurement losses in some cases. Impairments in the Hotels segment totalled EUR 0.8 million (2021: impairment reversals of EUR 0.5 million).

### EBIT

EBIT increased from EUR 15.5 million to EUR 59.1 million. This increase is due to the higher EBITDA and the improved result from property valuation.

### Financial result

Finance income (including earnings from joint ventures) went from minus EUR 0.6 million to minus EUR 6.6 million. This includes currency translation gains of EUR 3.9 million (2021: gains of EUR 1.0 million). The financial result for 2021 included one-off effects from the acquisition of loans in the amount of EUR 7.2 million.

### Profit or loss for the period

The result for the period for the Warimpex Group increased from EUR 12.0 million in the prior-year period to EUR 42.9 million.

## Segment analysis

For more information, see the detailed comments in section 2. Segment information of the notes to the consolidated financial statements.

The Warimpex Group has defined the business segments of: Investment Properties, Hotels, and Development and Services. Until 31 December 2021, the joint ventures recognised using the equity method in the consolidated financial statements were included in the segment report using the proportionate consolidation method. Warimpex has only held a stake in one remaining operational joint venture since December 2021. Starting in 2022, the segment report will therefore be prepared taking all of the companies included in the consolidated financial statements into account, without using the proportionate consolidation method for the remaining joint venture. The Investment Properties segment contains the income and expenses from the rental of office properties as well as the gains/losses on the remeasurement of the properties. The results from the operation of the hotel properties owned by the Group are shown in the Hotels segment. The Development and Services segment covers development services, activities of the Group parent, and profit contributions from the sale of properties.

### Investment Properties segment

in EUR '000	2022	2021	2021 proportionate consolidation
Revenues for the Group	33,154	20,267	23,865
Segment EBITDA	21,252	12,874	15,672
Remeasurement result	44,499	-2,184	-1,192

The higher revenues and the EBITDA for the Investment Properties segment are primarily due to the additional earnings contributions from the Jupiter office towers, the strong rouble exchange rate, and higher occupancy rates in Poland. The remeasurement result includes value increases due to the completion and letting of the Avior Tower at AIRPORTCITY St. Petersburg.

### Hotels segment

in EUR '000	2022	2021	2021 proportionate consolidation
Revenues for the Group	9,273	4,836	9,896
Segment EBITDA	2,039	1,141	1,751
Depreciation, amortisation, and impairments/impairment reversals	-2,009	-825	-8,119

Following the rebranding of the greet hotel in Darmstadt in the late summer of 2021, more hotel and long-stay rooms were available again in 2022. The development of revenues was still stunted by the COVID-19 pandemic in the previous year.

### Development and Services segment

in EUR '000	2022	2021	2021 proportionate consolidation
Revenues for the Group	2,709	1,618	1,809
Gains or losses from the disposal of properties	2,821	–	–
Segment EBITDA	-6,793	498	1,837
Remeasurement result	159	4,033	4,034

The results in this segment typically depend heavily on the sale of real estate holdings (share deals) and properties (asset deals) and are subject to significant year-on-year fluctuation. The B52 office property in Budapest was sold at a profit in June 2022. The remeasurement result can be attributed primarily to the construction progress on the Avior Tower at AIRPORT-CITY St. Petersburg and the Mogilska 35 office property in Krakow.

## Assets

Consolidated Statement of Financial Position in EUR '000	31/12/2022	31/12/2021	31/12/2020
<b>ASSETS</b>			
Non-current assets	434,081	371,114	308,132
Current assets	20,986	17,004	12,533
<b>Total assets</b>	<b>455,068</b>	<b>388,118</b>	<b>320,665</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	54,000	54,000	54,000
Retained earnings and reserves	116,164	70,612	56,619
<b>Equity attributable to the parent</b>	<b>170,164</b>	<b>124,612</b>	<b>110,619</b>
Non-controlling interests	125	105	-1,827
<b>Total equity</b>	<b>170,289</b>	<b>124,717</b>	<b>108,792</b>
Non-current liabilities	246,775	218,817	183,857
Current liabilities	38,004	44,584	28,016
<b>Total liabilities</b>	<b>284,779</b>	<b>263,401</b>	<b>211,873</b>
<b>Total equity and liabilities</b>	<b>455,068</b>	<b>388,118</b>	<b>320,665</b>

As Warimpex is a property developer, the assets side of the statement of financial position is dominated by investment properties and property, plant, and equipment. Because roughly 60 per cent of the properties held by Warimpex Group are financed through long-term project loans, non-current financial liabilities make up the majority of the liabilities side of the statement of financial position.

## Financial position

Consolidated Statement of Cash Flows in EUR '000	2022	2021
Cash receipts from operating activities	49,897	27,629
Cash payments for operating activities	-38,544	-22,652
Net cash flows from operating activities	11,353	4,977
Net cash flows for investing activities	-3,111	-17,584
Net cash flows from financing activities	-4,520	14,523
<b>Cash and cash equivalents at 31 December</b>	<b>15,924</b>	<b>11,192</b>

### Cash flow from operations

The cash flow from operating activities increased significantly during the reporting period due to higher income (inclusion of Jupiter office towers, stronger rouble, and new lettings).

### Cash flows for investing activities

The cash receipts pertained to the sale of the B52 office building in Budapest and returns from joint ventures. The cash payments for investments were related to the purchase of the Red Tower office building in Łódź, construction activities for the

Avior Tower in St. Petersburg and Mogilska 35 in Krakow, and project preparations in Poland and Germany.

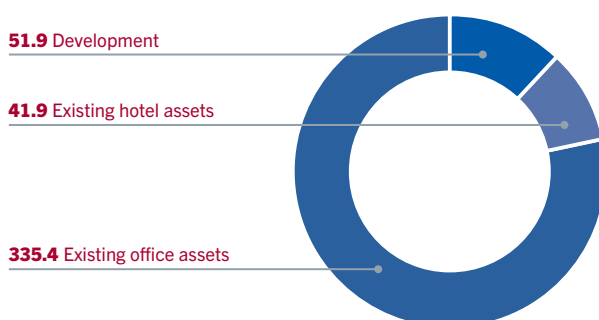
### Cash flows from financing activities

The change in the cash flows from financing activities can be attributed primarily to the repayment of loans in connection with the sale of the B52 office building in Budapest, which was offset against loans and borrowing in relation to the purchase of the Red Tower in Łódź, construction activities, and ongoing loan repayments.

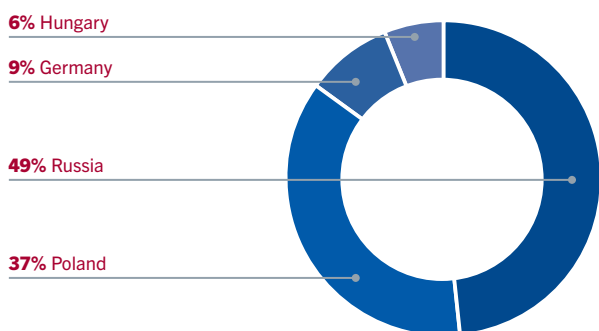
## REAL ESTATE ASSETS

On 31 December 2022, the real estate portfolio of the Warimpex Group comprised four hotels with roughly 1,000 rooms (800 rooms when adjusted for the proportionate share of ownership), plus nine office properties with total lettable office and commercial space of roughly 126,300 square metres.

## PROPERTY ASSETS IN € MILLIONS



## GAV BY COUNTRY IN %


**Calculation of gross asset value and triple net asset value in EUR millions**

Warimpex recognises its property, plant, and equipment such as hotel properties at cost less depreciation according to IAS 16, as is required for owner-operated hotels in IAS 40.12. Changes in the value of investment properties (primarily office buildings) are recognised through profit or loss according to the fair value model in IAS 40.56.

The majority of the properties and development projects are valued twice annually (on 30 June and 31 December) by independent real estate appraisers.

On 31 December 2022, the following experts appraised Warimpex's portfolio:

Appraiser	Fair values as at 31 December 2022	in %
	in EUR millions	
Maris	189	44%
Knight Frank	156	36%
CB Richard Ellis	63	15%
Core XP	20	5%
Others or not appraised	2	0%
	<b>429</b>	<b>100%</b>

The fair values are determined in accordance with the valuation standards of the Royal Institute of Chartered Surveyors (RICS). The fair value is the price that would be paid for the transfer of an asset or a liability in a transaction at arm's length terms on the reporting date. The real estate appraisers use an income-based approach (investment method or discounted cash flow method) to calculate the fair values of developed properties, and the comparative method for reserve properties. Development projects are generally measured using the residual value method, taking a developer's profit into account.

For information on the yield used to calculate the fair value, please see section 7.1.3. (investment properties) and section 7.2.2. (hotels) in the notes to the consolidated financial statements.

The gross asset value (GAV) of all Warimpex properties (based on proportionate ownership) came in at EUR 429.3 million at 31 December 2022 (31 December 2021: EUR 365.8 million). This increase was primarily due to acquisitions, construction activities, and new lettings. The Group's triple net asset value (NNNAV) rose from EUR 143.7 million as at 31 December 2021 to EUR 196.9 million as at 31 December 2022.

The triple net asset value (NNNAV) and the EPRA Net Asset Value are calculated as follows:

in EUR millions	12/2022		12/2021	
Equity before non-controlling interests		170.2		124.6
Deferred tax assets	-1.7		-1.2	
Deferred tax liabilities	19.8	18.1	12.0	10.8
Carrying amount of existing hotel assets	-33.3		-33.1	
Fair value of existing hotel assets	41.9	8.6	41.4	8.3
<b>Triple net asset value</b>		<b>196.9</b>		<b>143.7</b>
Number of shares as at 31 December		54.0		54.0
Treasury shares		-1.9		-1.9
Number of shares as at 31 December		52.1		52.1
<b>NNNAV per share in EUR</b>		<b>3.78</b>		<b>2.76</b>

<b>EPRA Net Asset Value Metrics</b>	<b>31/12/2022</b>	<b>31/12/2022</b>	<b>31/12/2022</b>
in EUR '000	<b>EPRA NRV</b>	<b>EPRA NTA</b>	<b>EPRA NDV</b>
<b>IFRS Equity attributable to shareholders</b>	170,164	170,164	170,164
<b>Include:</b>			
ii.c) Revaluation of other non-current investments	8,236	8,236	8,236
<b>NAV at Fair Value</b>	<b>178,400</b>	<b>178,400</b>	<b>178,400</b>
<b>Exclude:</b>			
v) Deferred tax in relation to fair value gains of IP	17,215	8,607	
vi) Fair value of financial instruments	-85	-85	
viii.b) Intangibles as per the IFRS balance sheet		-47	
<b>Include:</b>			
ix) Fair value of fixed interest rate debt			-22,960
xi) Ancillary acquisition costs	8,648	0	
<b>NAV</b>	<b>204,178</b>	<b>186,875</b>	<b>155,440</b>
Number of shares in circulation	52,100	52,100	52,100
<b>NAV per share in EUR</b>	<b>€3.92</b>	<b>€3.59</b>	<b>€2.98</b>

<b>EPRA Net Asset Value Metrics</b>	<b>31/12/2021</b>	<b>31/12/2021</b>	<b>31/12/2021</b>
in EUR '000	<b>EPRA NRV</b>	<b>EPRA NTA</b>	<b>EPRA NDV</b>
<b>IFRS Eigenkapital der Aktionäre</b>	124,612	124,612	124,612
<b>Include:</b>			
ii.c) Revaluation of other non-current investments	8,282	8,282	8,282
<b>NAV at Fair Value</b>	<b>132,894</b>	<b>132,894</b>	<b>132,894</b>
<b>Exclude:</b>			
v) Deferred tax in relation to fair value gains of IP	9,687	4,844	
vi) Fair value of financial instruments	-399	-399	
viii.b) Intangibles as per the IFRS balance sheet		-75	
<b>Include:</b>			
ix) Fair value of fixed interest rate debt			2,136
xi) Ancillary acquisition costs	6,793	0	
<b>NAV</b>	<b>148,975</b>	<b>137,263</b>	<b>135,030</b>
Number of shares in circulation	52,100	52,100	52,100
<b>NAV per share in EUR</b>	<b>€2.86</b>	<b>€2.63</b>	<b>€2.59</b>

## MATERIAL RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED AND RISK MANAGEMENT

As an international group, Warimpex is exposed to various economic and financial risks as part of its daily operations.

### a) General

As part of its risk management system, Warimpex has set internal risk management targets for the Management Board and Company staff and adapts these targets to the prevailing market conditions. These risk management targets include special regulations and define responsibilities for risk assessment, control mechanisms, monitoring, information management, and communication within the Company and with external parties.

There is a clearly defined organisation within Warimpex and especially within the Management Board that governs responsibilities and authorisations in this connection to enable risks to be identified at an early stage and appropriate action to be taken. The Management Board's guidelines and the guidelines for the Supervisory Board define the responsibilities and obligations of the Company's boards and officers.

### b) Operating risks

In the Investment Properties segment, Warimpex is exposed to the risk that it will be unable to let out spaces, that rents will decline, and that tenants will default on their payments. Rental risk is closely linked to the general economic conditions in the individual markets and is thus subject to corresponding planning uncertainties. There is always a certain degree of rental risk due to the different political and economic developments in the various markets. The competition between property owners for well-known, attractive tenants can also impact occupancy rates and lease extensions, especially amidst lower demand for space due to new workplace models. Depending on the economic development in the various markets, rents can come under pressure. In particular, this may make it necessary to accept rents that are lower than originally projected.

In the Hotels segment, Warimpex is exposed to the general risks inherent to the tourism industry such as economic fluctuations, political risks, increasing fear of terrorist attacks, and travel restrictions related to pandemics or due to changes in geopolitical circumstances. There is the risk that competitors may enter the Group's target markets, thereby increasing the number of beds available.

The Group is exposed to finance and currency risks, interest rate risks, market entry risks, and the risk of delays in the com-

pletion of construction work on real estate projects. In addition, there are risks of rent default which may impact both on the current cash flow and on property values.

The Group invests in real estate in a limited number of countries, and is therefore exposed to increased risk that local conditions such as an excess supply of properties can affect the development of business. Owing to its focus on property development and property holdings, the Group's performance is heavily dependent on the current situation in the real estate markets. Price declines in the real estate market could therefore affect the Group significantly and also influence real estate financing.

Real estate maintenance is a key aspect in the sustainable economic development of the Warimpex Group. Asset management staff therefore submit status reports to the Management Board at regular intervals together with projections for the optimum maintenance of the properties.

### c) Capital market risk

Refinancing on the capital market is of high strategic importance for Warimpex. To avoid risks of insufficient capital market compliance, Warimpex has enacted a compliance guideline that ensures adherence to the capital market regulations and that especially prevents the abuse or sharing of insider information. A permanent confidentiality area has been set up for all employees in Vienna, and temporary confidentiality areas are set up and waiting periods and trading prohibitions enacted on a project basis.

### d) Legal risks

As an internationally active company, Warimpex is exposed to a wide range of legal risks. These include risks related to the purchase and sale of properties and legal disputes with tenants or joint venture partners. At the time that the financial statements were prepared, no material legal disputes were known.

### e) Political risks

Along with operating and legal risks, the activities of Warimpex are subject to (geo)political risks, particularly with regard to the office properties and the hotel in St. Petersburg at the moment. As demonstrated by the developments in connection with the conflict in Ukraine and the sanctions imposed against Russia in response, legal and economic condi-



tions can change drastically at very short notice due to unforeseeable geopolitical events. Such developments are very volatile, and the full scope of the microeconomic and macroeconomic effects is difficult to estimate. The Management Board is monitoring the developments very closely in order to be able to react swiftly and adapt its strategy as quickly as possible if necessary.

## f) Climate-related risks

Warimpex sees the sustainability of its properties as an important success factor and reinforces this with corresponding certifications for the majority of the property portfolio. In some cases, such certifications have already been issued and in other cases, the Company plans to pursue certification in the future. Nevertheless, the Company is exposed to climate-related risks.

Climate-friendly construction and the climate-friendly operation of office properties or hotels can lead to higher construction and operating costs. There is a risk that these costs will not be able to be passed on to the tenants or guests or that lower proceeds will be generated in the event of a sale.

In addition, there are risks in connection with the EU's Green Deal and the EU Taxonomy that is based on it, including the defined environmental targets. According to the EU Taxonomy, office properties are generally Taxonomy-eligible.

In this context, there is a risk that the requirements for Taxonomy alignment will be met to a lesser extent in the future due to older existing properties and/or new technical standards. This could make it more expensive and/or more difficult to secure loans. In addition, the demand for properties that are not Taxonomy-aligned may decline among buyers or tenants, thus leading to a decrease in the value of such properties.

Warimpex assesses climate-related risks on an ongoing basis, but does not expect any carrying amount adjustments to become necessary in this context in the next financial year based on the fact that the majority of its economic activities are Taxonomy-aligned.

Only a few properties have the best certifications that are necessary to contribute to meeting the climate targets. In general, certifications are planned for all new developments with a minimum standard of LEED – Gold, BREEAM – Excellent, or DGNB – Gold, for example the Avior Tower that was completed in St. Petersburg in 2022 with LEED – Gold certification and Mogilska 35 Office that is under construction in Krakow, for which BREEAM – Excellent certification is planned.

There is a risk that property appraisers will apply a “brown discount” of up to one-third of the property value for properties that are not energy-efficient (i.e. unsustainable) in the future. In addition, there is a risk that the financing costs for properties that cause higher emissions will be higher and the rents lower.

## g) Risk and risk management related to financial instruments

Aside from derivative forms of financing, the most significant financial instruments used by the Group are current account and bank loans, bonds and convertible bonds, cash and cash equivalents, and short-term deposits. The main purpose of these financial instruments is to provide funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The Group also occasionally enters into derivatives transactions that are intended to minimise the Group's exposure to interest rate and currency risk. The Group's risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities. All significant financial transactions are subject to approval by the Management Board and, when required, also approval by the Supervisory Board.

Further information on financial risk management, in particular quantitative disclosures, can be found in the notes to the consolidated financial statements as at 31 December 2022 in section 8.2.

### Interest rate risk

The risk of fluctuations in market interest rates (usually the three-month EURIBOR for bank loans) to which the Group is exposed results primarily from its variable-rate long-term financial liabilities.

Interest rate hikes can impact the Group's result by causing higher interest expenses for existing variable-rate financing. In the case of variable-rate financing, a change in the interest rate has an immediate effect on the Company's financial result.

Warimpex limits the risk of rising interest rates that would lead to higher interest expenses and a worsening of the financial result in part through the arrangement of fixed-rate financing and in part through the use of derivative financial instruments (especially interest rate swaps). As at the reporting date, only around 20 per cent of the Group's interest-bearing financial liabilities were subject to variable interest rates, so interest rate risk should remain manageable for Warimpex.

**Currency risk**

Currency risk results primarily from financial liabilities denominated in currencies other than the functional currency. For Group companies that have the euro as their functional currency, this is primarily financial liabilities in a local or other foreign currency (such as PLN), or for foreign Group companies with the local currency as their functional currency, financial liabilities in a foreign currency (EUR). In recent years, all EUR loans of subsidiaries that have the rouble as their functional currency were gradually refinanced in local currency, so there were no longer any such EUR loans as at the reporting date, meaning that the associated currency risk has been eliminated.

There are no natural hedges, and the Group does not systematically use derivative financial instruments to hedge its exposure to foreign currency risk. When needed, cross currency swaps or currency forwards concluded for a maximum of one year in relation to specific future payments in foreign currencies are employed to hedge the currency risk.

**Default risk**

The amounts stated as assets on the face of the consolidated statement of financial position represent the maximum credit risk and default risk, since there are no general settlement agreements.

The default risk pertaining to trade receivables in the Investment Properties segment correlates to the creditworthiness of the tenants. Tenants' creditworthiness can deteriorate on a short- or medium-term basis, particularly during an economic downturn. In addition, the risk can emerge that a tenant will become insolvent or is otherwise incapable of meeting the payment obligations defined in the lease. The risk of rent default can be reduced further through targeted monitoring and proactive measures (e.g. requiring collateral, assessing tenants' creditworthiness and reputation).

The default risk associated with trade receivables can be considered moderate in the Hotels segment because receivables are generally paid either in advance or immediately on site. Longer payment terms are generally only accepted for receivables from travel agencies.

The Group is in a position to influence the default risk on loans to joint ventures or associates through its involvement in the management of the respective companies, but there are still default risks arising from operational risks.

The default risk associated with cash and short-term deposits can be considered negligible since the Group only works with financial institutions which can demonstrate sound creditwor-

thiness. The default risk for other receivables is relatively low, as attention is paid to working with contract partners that have good credit ratings. The Group recognises impairments where necessary.

Please also see section 8.2.3. in the notes to the consolidated financial statements.

**Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans for project financing. Refinancing on the capital market is also of high strategic importance for Warimpex.

Significant fluctuations on the capital markets can hamper the raising of equity and debt capital. To limit refinancing risk, Warimpex maintains a balanced combination of equity and debt capital and of different terms for bank and capital market financing.

Liquidity risks are also minimised through a medium-term 18-month plan, an annual budget planned in monthly blocks, and revolving monthly liquidity planning. Daily liquidity management ensures that all operational obligations are met and that cash is invested optimally. Free liquidity resulting from the sale of properties is primarily used to repay operating credit lines and to finance acquisitions and the development of new projects.

Warimpex continuously monitors budget compliance and progress for development projects and maintenance work to prevent cost overruns and an associated increased outflow of liquidity.

Please also see section 8.2.4. in the notes to the consolidated financial statements.

## **h) Reporting on key characteristics of the internal control system and the risk management system as relevant for the accounting process**

The Management Board bears overall responsibility for the Group's risk management system, while operational responsibility lies with the managers of the respective business units.

This makes the internal reports that are submitted to Group headquarters particularly important in ensuring that risks are recognised at an early stage so that suitable countermeasures can be taken. To this end, the operating units submit weekly

and monthly reports to the Management Board with all necessary information.

The internal reports that are prepared by the subsidiaries are subjected to plausibility reviews at the Group headquarters and are compared with the planning calculations to ensure that suitable countermeasures can be taken in the event of deviations. To this end, the companies are required to submit annual budgets and medium-term plans, which must be approved by the Management Board.

The correctness of the accounts at the subsidiaries is monitored by the local management as well as by the Group holding company, particularly on the basis of the input from and the reporting to the Group accounting department. This is intended to prevent risks that lead to incomplete or erroneous financial reporting.

In addition to the measures taken under the internal control system, the annual financial statements of all operational property companies are also reviewed by external financial auditors, so the consolidated financial statements are largely based on audited local figures.

The risk management system is primarily monitored by the Management Board, and compliance with the prescribed risk management targets and methods in the preparation of quarterly and annual financial statements is ensured by the following units and individuals:

- Management Board, especially the Chief Financial Officer
- Group accounting department
  
- Audit Committee (for annual and consolidated financial statements)

The current development of business and foreseeable opportunities and risks are discussed at regular meetings between the Management Board and local managers.

Quarterly financial statements are prepared by the Group accounting department in orientation towards IAS 34, Interim Financial Reporting, reviewed by the Chief Financial Officer, and then approved for publication by the Management Board. The annual financial statements and consolidated annual financial statements are studied by the Supervisory Board and by the Audit Committee before they are published.



**West Yard 29**  
Darmstadt, D

# *Consolidated Non-Financial Report*

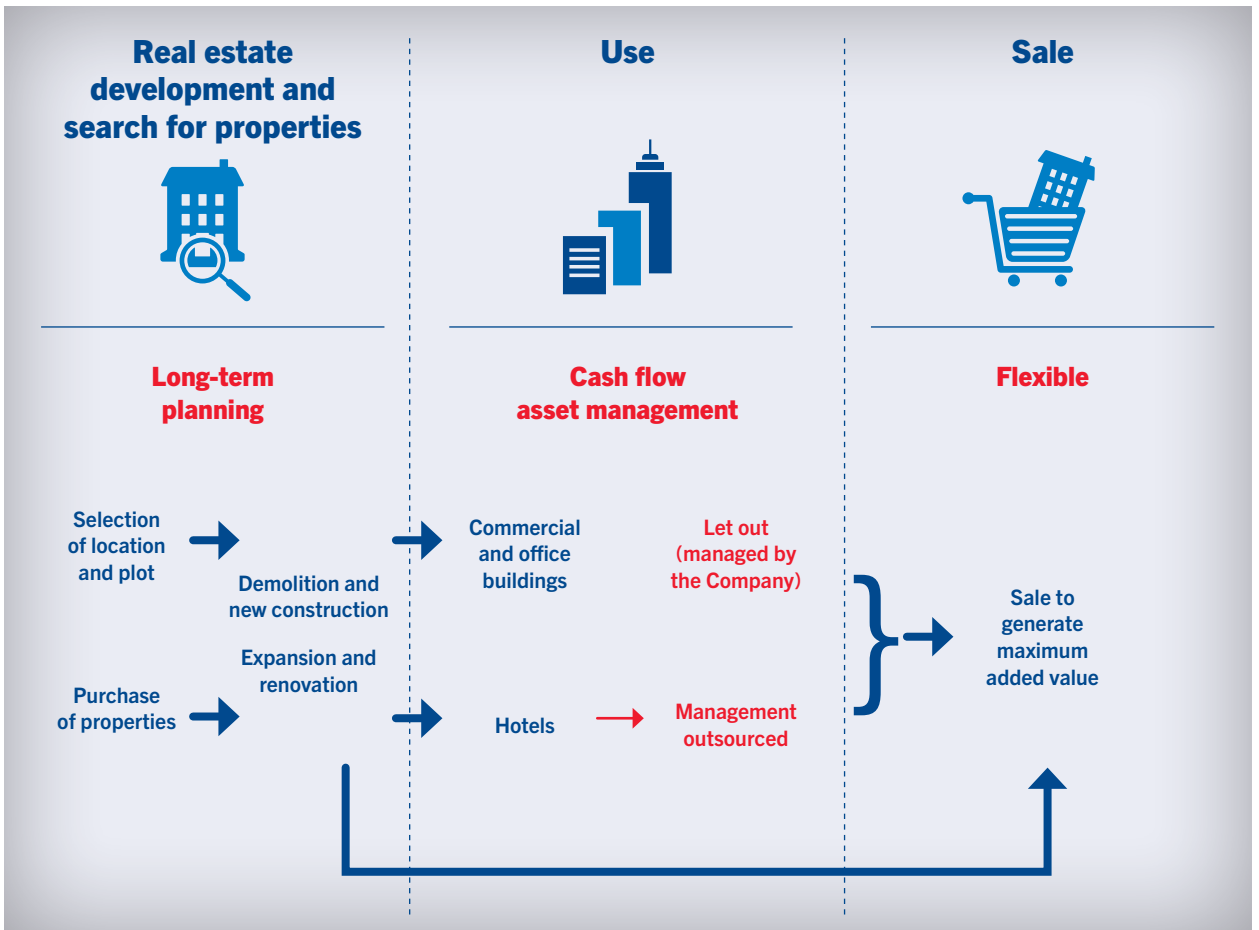
Warimpex is not required to issue a consolidated non-financial report pursuant to § 267a UGB (Austrian Sustainability and Diversity Improvement Act, NaDiVeG). However, Warimpex has decided to make its reporting as comprehensive as possible and voluntarily include a non-financial performance statement in its management report in orientation towards the NaDiVeG despite the fact that the Group has fewer than 500 employees.

**WARIMPEX – Business model**

Warimpex is a “hybrid” real estate company that develops and operates properties itself as an asset manager and property owner until the time at which the highest added value can be realised through sale. The majority of these projects is located in Central and Eastern Europe.

Accordingly, the Warimpex Group generates stable cash flows from the letting of office space and the operation of hotel properties while simultaneously realising proceeds from property sales.

In contrast to pure real estate portfolio companies, Warimpex combines the steady business of the asset management segment with the high profitability of the property development segment. Under this strategy, the property development units benefit from the stable cash flow from the developed properties, and the typical exit risk of a pure project developer is simultaneously minimised because the completed properties are generally held in the Company’s portfolio initially in order to wait for the right time to sell.



## Warimpex – An overview

### Evolution of the Warimpex Group

Warimpex was founded in 1959 by Stefan Folian as an import/export and transit trading company. From 1982 onwards, under the management of Georg Folian and Franz Jurkowsch, the Company started to specialise in real estate projects in Central and Eastern Europe. Since that time, the Warimpex Group has developed real estate with investments amounting to more than two billion euros, including hotels in the five-, four-, and three-star categories. Warimpex has increasingly focused on the development of office buildings in recent years.

### Development and asset management

Real estate project development and operations are coordinated by Warimpex in Vienna together with the local branch offices in Budapest, St. Petersburg, Krakow, and Łódź. Warimpex also builds upon its successful, long-standing cooperative projects with international hotel groups such as the InterContinental Group, Kempinski, and Accor.

As at the end of 2022, Warimpex was the owner, co-owner, or leaseholder of eight commercial and office buildings with a total floor area of some 126,300 square metres plus four hotels with a total of 1,000 rooms (roughly 800 rooms when adjusted for the proportionate share of ownership) in Poland, Russia, Hungary, Germany, and Austria.

Only properties that have been in the portfolio for at least 12 months are included in the indicators for the non-financial report (with the exception of those related to the EU Taxonomy).

## Warimpex sustainability strategy

Warimpex aims to ensure that all properties in its portfolio have sustainable property certifications and meet the criteria of the EU Taxonomy. This applies to both new developments and existing buildings.

Emphasis is placed on the following sustainability priorities:

- energy efficiency,
- use of renewable energy sources,
- carbon reduction, and
- quality of interior space (comfort, air quality, etc.)

Certifications and sustainability priorities will become a unique selling point that is indicative of high sustainability standards for the Warimpex Group's properties.

Due to the long service life of properties, the decisions we make today have an impact for the next 10 to 30 years. In the coming years, climate protection and the sustainable use of resources will become much more important than they already are today. Real estate companies have to respond now – for instance in the area of climate protection. In order to achieve the 2-degree target defined at the Paris climate conference in 2015, we will have to transform into a low-carbon economy that hardly emits any carbon dioxide by 2050. This already has to be factored into long-term investments during the planning phase. Warimpex is aware of its far-reaching responsibility in this context and does not see properties merely as economic goods, but also takes the ecological and social aspects into account in every stage of the planning. This basic philosophy reflects a deep-seated conscientiousness and respect for people and the environment and shapes both the Company's corporate culture and its concrete activities in all areas of business.

The Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing properties into hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower.

Warimpex familiarises its team with the sustainability strategy through training measures. The short chain of command and

the annual focus on a few selected projects make it possible to select the right sustainability certification for each property development and optimally implement the strategic priorities. Warimpex's Management Board monitors the consistent adherence to the sustainability strategy for every real estate project and in the overall portfolio. It is also responsible for the implementation of the sustainability activities in the other categories such as sustainable corporate culture (ethics and compliance), social responsibility, employees, and human rights.

To this end, a project aimed at developing a sustainability strategy for the development of properties was completed. Along with internal strategic requirements for renovation projects and new construction projects in the office and hotel segments, sustainability standards were defined for Warimpex's properties. The aspects taken into account in this context include requirements from tenants and investors as well as criteria for sustainability certifications such as the BRE Environmental Assessment Method (BREEAM), the Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) Certification System, and Leadership in Energy and Environmental Design (LEED).

Therefore, this project included the following measures:

1. Survey to ascertain the sustainability requirements of the key customers
2. Clarification of the importance and use of sustainable building certifications
3. Development of minimum sustainability standards for Warimpex real estate projects
4. Definition of new, sustainable energy solutions for hotels and office buildings

As a result, the Company now has a clear definition of the sustainability priorities for developments, a process for dealing with sustainability certifications, and a guideline and questionnaire for optimised energy solutions.

The sustainability priorities are energy efficiency, the use of renewable energy sources, the reduction of carbon dioxide emissions, and the quality of interior space (comfort, air quality, etc.). LEED for Existing Buildings: Operation & Maintenance and BREEAM In-Use were selected as the standard certifications, but different certifications may be employed depending on the country, project type, and market requirements. Different certifications may also exist in the given country, for example when it is necessary to differentiate between new buildings and existing buildings. The plan is to

have all new buildings certified during construction and to gradually have existing buildings certified. These certifications do not just benefit the owners – they also directly benefit the tenants in the form of cost savings. Certification will also pay off in the long run: It is conceivable that excessive carbon dioxide emissions will be “punished” with higher taxes in the future, for example. These certifications will become a unique selling point that is indicative of high sustainability standards for the Warimpex Group's properties.

As at the reporting date, the following properties are certified:

	Opening		Certificate
Avior Tower, St. Petersburg	2022	16,000 m <sup>2</sup>	LEED – Gold
Mogilska 43, Krakow	2018	12,000 m <sup>2</sup>	BREEAM In-Use Excellent
Ogrodowa Office, Łódź	2018	28,000 m <sup>2</sup>	BREEAM In-Use Excellent
Zeppelin Tower, St. Petersburg	2015	15,600 m <sup>2</sup>	LEED – Gold
		71,600 m <sup>2</sup>	

Planned certifications

	Opening		Certificate
Mogilska 35, Krakow	2023	12,000 m <sup>2</sup>	BREEAM In-Use Excellent

In addition, the decision was made to pursue certification according to the WELL Health-Safety Rating of the International WELL Building Institute (IWBI), which is based on the WELL Building Standard, for the properties in Krakow and Łódź in order to improve health, safety, and well-being in the buildings. These certifications were received in 2021.

The Warimpex Group also decided to switch to green electricity as far as possible at all properties. The preparations for this are under way.

#### Voluntary reporting on the EU Taxonomy

The Taxonomy framework deals with disclosures for large public interest entities with more than 500 employees. In addition, from 1 January 2025 the scope of application will be expanded to include companies that meet at least two of the following three criteria: more than 250 employees, net turnover of EUR 40 million, or a balance sheet total of more than EUR 20 million. Furthermore, small and medium-sized enterprises that meet certain criteria will also be added to the scope of application starting on 1 January 2026.

Warimpex has decided to make its reporting as comprehensive as possible and voluntarily report in orientation towards the EU Taxonomy although the Group has fewer than 500 employees.



The EU Taxonomy is the EU's classification system for the definition of "environmentally sustainable" business activities. The scope of the economic activities listed in the EU Taxonomy is not all-encompassing, but is limited to sectors that have a significant ecological footprint and thus have particularly high potential to make a positive contribution to a sustainable economy. As an energy- and thus emissions-intensive sector, construction and real estate is one of the industries addressed by the EU Taxonomy.

According to the EU Taxonomy, an economic activity is considered environmentally sustainable if it makes a substantial contribution to at least one of the environmental objectives, does no significant harm to any of the other environmental objectives, and complies with certain minimum safeguards, particularly with regard to responsible corporate governance, human rights, and labour rights. Starting in 2022, entities must report on whether their activities make a substantial contribution to an environmental objective and do no significant harm to the environmental objectives based on the detailed technical screening criteria specified by the European Commission.

At this time, the technical screening criteria for making a substantial contribution are only available for the first two environmental objectives, climate change mitigation and climate change adaptation. The final criteria for the remaining four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) are expected to be published during 2023.

The Taxonomy-eligible revenues, investments (CapEx), and operating expenses (OpEx) had to be disclosed for the 2021 financial year. Starting with the 2022 financial year, these disclosures must be supplemented with information about Taxonomy alignment. The Company strives to hold as many Taxonomy-aligned properties as possible in its portfolio.

Warimpex pursues the goal of climate change mitigation as one of the six defined environmental objectives.

The analysis of the Taxonomy eligibility of the Group's business areas yielded the following results:

	Investment Properties	Hotels	Development and Services
NACE classification	L68 Construction and real estate activities	–	–
	F41 Construction of buildings	–	–
	F43 Specialized construction activities	–	–
Taxonomy-eligible?	Yes	No	No

#### Developed properties:

To prepare for the disclosures, Warimpex commissioned an external expert to evaluate whether all of its LEED- or BREEAM-certified properties that were opened before 31 December 2020 have an energy performance certificate (EPC) with an A rating or are among the best 15 per cent of the national or regional building stock and whether the revenues, investments (CapEx), and parts of the operational expenses (OpEx) are thus Taxonomy-aligned.

To this end, the expert used the following methodology to determine the top 15 per cent of the buildings in Poland:

Data from the central register of the energy performance of buildings was used to determine the primary energy consumption of buildings. The central register of the total energy efficiency of buildings contains a list of the energy performance certificates that have been issued for buildings in Poland since 2015.

In addition, the Polish Ministry of Economic Development and Technology published information on the energy efficiency of buildings in connection with the provisions of Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council.

Residential buildings with a primary energy demand of less than 76.59 kWh/square metre (per year) and non-residential buildings with a primary energy demand of less than 118.26 kWh/square metre (per year) can be deemed to meet the criterion that was considered. This was supported with corresponding evidence, i.e. via comparison with data from the energy performance certificate.

Buildings in Russia were assessed in line with the requirements in Poland.

**Buildings under construction:**

For real estate projects that are currently under construction, the expert assessed whether they are being built in a Taxonomy-aligned manner or whether adaptations are necessary. The Group strives to ensure Taxonomy alignment for new construction projects. Because the buildings are still under construction, some of the requirements for new buildings such as the energy performance certificate, air tests, risk mitigation, and so forth are not yet available. Since the given building has no energy use history, no assessment can be conducted regarding whether it is operated efficiently. The electricity consumption can only be estimated on the basis of the planning.

To this end, the expert applied the following methodology:

The primary energy demand, which defines the total energy efficiency of the building, is at least 10 per cent below the threshold that was defined in the requirements for nearly zero-energy buildings (NZEB) in the national plans for the implementation of Directive 2010/31/EU.

	Certificate	Taxonomy-eligible	Taxonomy-aligned	Taxonomy-non-eligible
<b>HOTELS</b>				
greet hotel, Darmstadt				
Airportcity Plaza, St. Petersburg				
<b>OFFICES</b>				
Mogilska 41, Krakow	WELL Health-Safety Rating			
Mogilska 43, Krakow	BREEAM In-Use Excellent, WELL Health-Safety Rating			
Ogrodowa, Łódź	BREEAM In-Use Excellent, WELL Health-Safety Rating			
Red Tower, Łódź				
Erzsébet, Budapest				
Zeppelin, St. Petersburg	LEED Gold			
Airport City Carpark, St. Petersburg				
<b>SERVICES</b>				
<b>DEVELOPMENT PROJECTS</b>				
Mogilska 35, Krakow	BREEAM In-Use Excellent			
Others				

## Key performance indicators on Taxonomy-aligned economic activities

### Key performance indicator for revenue (revenue KPI)

This key performance indicator expresses the percentage of revenues generated from Taxonomy-aligned economic activities.

The numerator reflects the portion of revenues contained in the denominator that is generated from Taxonomy-aligned economic activities.

The denominator corresponds to the revenue according to IFRS 15 and IFRS 16 generated during the reporting period.

### Key performance indicator for investment expenses (CapEx KPI)

This key performance indicator expresses the percentage of investments made in Taxonomy-aligned economic activities.

The numerator reflects the portion of investments contained in the denominator that are made in Taxonomy-aligned economic activities.

The denominator corresponds to the intangible (IAS 38) and tangible assets, which in the Group comprise additions to property, plant, and equipment (IAS 16), investment properties (IAS 40) including additions to rights of use (IFRS 16), and additions from business combinations (IFRS 3).

### Key performance indicator for operating expenses (OpEx KPI)

This key performance indicator expresses the percentage of operating expenses incurred for Taxonomy-aligned economic activities.

The numerator reflects the portion of expenses contained in the denominator that are incurred for Taxonomy-aligned economic activities.

Contrary to revenues and investments (CapEx), the denominator for the operating expenses cannot be directly correlated to the corresponding items in the consolidated financial statements because according to Commission Delegated Regulation (EU) 2021/2178 of 6 June 2021, only certain operating expenses are permitted to be used for reporting purposes as defined by the EU Taxonomy Regulation.

The denominator includes direct, non-capitalised costs related to research and development, building renovation measures, short-term leasing, maintenance, and repairs as well as all other directly attributable costs that are relevant for the ongoing maintenance and preservation of the functionality of fixed assets.

Revenue		2022
Revenue (denominator of the KPI)	in EUR '000	6,511
thereof Taxonomy-aligned (numerator of the KPI)	in EUR '000	54,548
	%	12%

CapEx		2022
Additions (denominator of the KPI)	in EUR '000	7,733
thereof Taxonomy-aligned (numerator of the KPI)	in EUR '000	22,039
	%	35%

OpEx		2022
Operating expenses (denominator of the KPI)	in EUR '000	99
thereof Taxonomy-aligned (numerator of the KPI)	in EUR '000	831
	%	12%

	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria		
				Climate change mitigation (5)	Climate change adaption (6)	Water and marine ressources (7)
<b>REVENUE</b>						
Economic activities		in EUR '000	%	%	%	%
<b>A. Taxonomy-eligible activities</b>						
A.1 Environmentally sustainable activities (Taxonomy-aligned)						
Acquisition and ownership of buildings	L68	6,511	12%	100%	n/a	n/a
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>		<b>6,511</b>	<b>12%</b>			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>						
Acquisition and ownership of buildings	L68	26,643	49%			
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>26,643</b>	<b>49%</b>			
<b>Total (A.1 + A.2)</b>		<b>33,154</b>	<b>61%</b>			
<b>B. Taxonomy-non-eligible activities</b>						
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		<b>21,409</b>	<b>39%</b>			
<b>Total (A+B)</b>		<b>54,563</b>	<b>100%</b>			

	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria		
				Climate change mitigation (5)	Climate change adaption (6)	Water and marine ressources (7)
<b>CapEx</b>						
Economic activities		in EUR '000	%	%	%	%
<b>A. Taxonomy-eligible activities</b>						
A.1 Environmentally sustainable activities (Taxonomy-aligned)						
Acquisition and ownership of buildings	L68	1,720	8%	100%	n/a	n/a
Construction of new buildings	F41	6,013	27%	100%	n/a	n/a
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>		<b>7,733</b>	<b>35%</b>			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>						
Acquisition and ownership of buildings	L68	5,336	24%			
Construction of new buildings	F41	8,090	37%			
<b>Cap-Ex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>13,426</b>	<b>61%</b>			
<b>Total (A.1 + A.2)</b>		<b>21,159</b>	<b>96%</b>			
<b>B. Taxonomy-non-eligible activities</b>						
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		<b>880</b>	<b>4%</b>			
<b>Total (A+B)</b>		<b>22,039</b>	<b>100%</b>			

	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria		
				Climate change mitigation (5)	Climate change adaption (6)	Water and marine ressources (7)
<b>OpEx</b>						
Economic activities		in EUR '000	%	%	%	%
<b>A. Taxonomy-eligible activities</b>						
A.1 Environmentally sustainable activities (Taxonomy-aligned)						
Acquisition and ownership of buildings	L68	128	15%	100%	n/a	n/a
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>		<b>128</b>	<b>15%</b>			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>						
Acquisition and ownership of buildings	L68	461	54%			
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>461</b>	<b>54%</b>			
<b>Total (A.1 + A.2)</b>		<b>589</b>	<b>69%</b>			
<b>B. Taxonomy-non-eligible activities</b>						
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		<b>263</b>	<b>31%</b>			
<b>Total (A + B)</b>		<b>852</b>	<b>100%</b>			

DNSH criteria ("do no significant harm")													
Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover 2022 (18)	Taxonomy-aligned proportion of turnover 2021 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
n/a	n/a	n/a	n/a	Y	Y	Y	Y	Y	Y	12%	n/a		
										12%			

DNSH criteria ("do no significant harm")													
Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx 2022 (18)	Taxonomy-aligned proportion of CapEx 2021 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
n/a	n/a	n/a	n/a	Y	Y	Y	Y	Y	Y	8%	n/a		
n/a	n/a	n/a	n/a	Y	Y	Y	Y	Y	Y	27%	n/a		
										35%			

DNSH criteria ("do no significant harm")													
Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx 2022 (18)	Taxonomy-aligned proportion of OpEx 2021 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
n/a	n/a	n/a	n/a	Y	Y	Y	Y	Y	Y	15%	n/a		
										15%			

## Materiality and stakeholders

The following sustainability report (prepared in accordance with the requirements of the Austrian Sustainability and Diversity Improvement Act [Nachhaltigkeits- und Diversitätsverbesserungsgesetz, NaDiVeG]) is addressed to all stakeholders as well as everyone else who is interested in Warimpex's environmental, social, and economic performance.

Sustainable development is a multifaceted process that is influenced by many different issues in the areas of the economy, the environment, and society. The potential impact of business activities on these areas of life is determined by a company's core business, industry, and business environment.

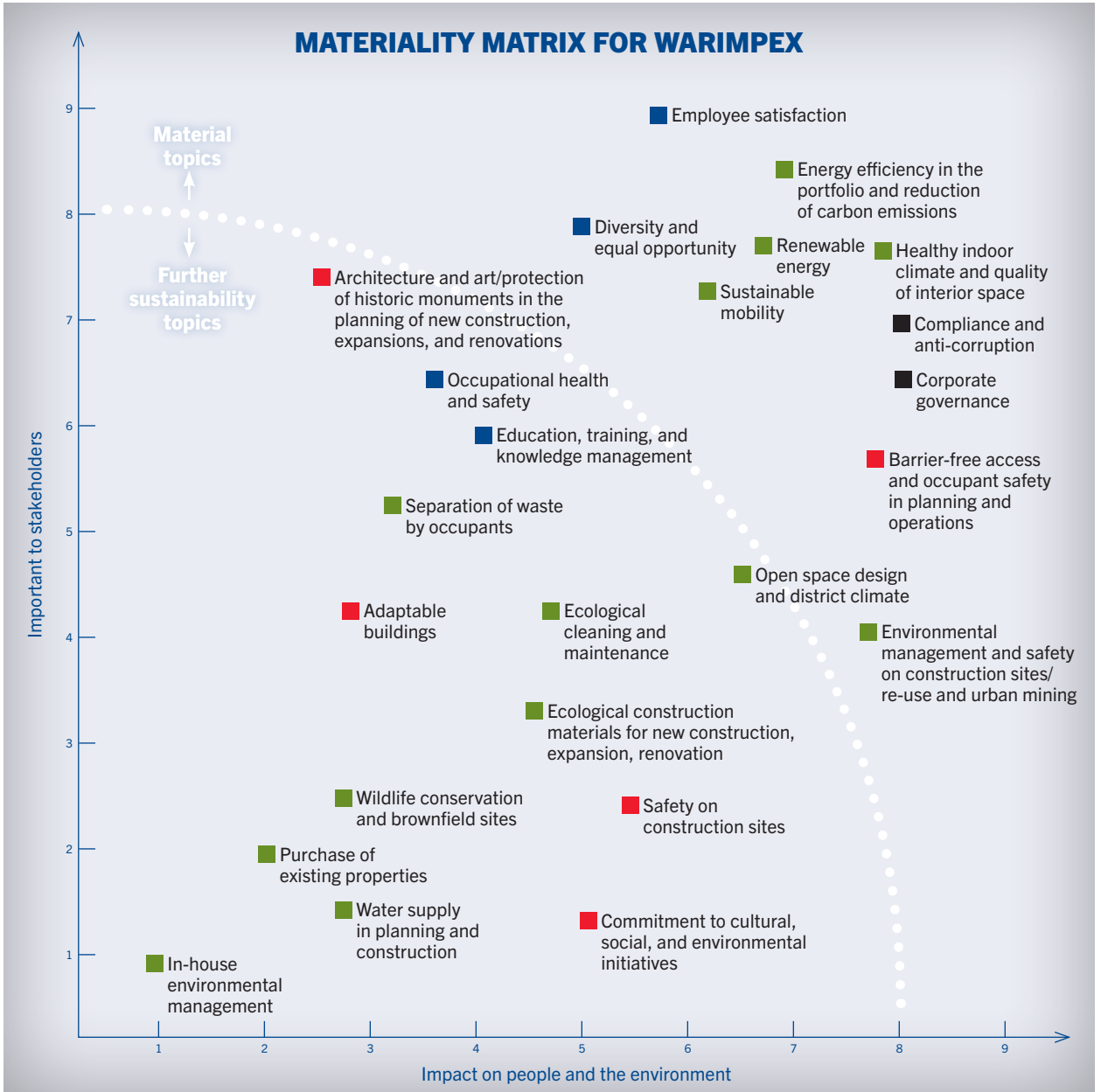
## Process description and strategic integration

A comprehensive materiality analysis forms the basis for the reporting. The potential material topics for the Warimpex Group were identified and prioritised in a multi-stage process. The topics were analysed with regard to their impact on people and the environment as well as with regard to their importance for the following key stakeholders: investors, shareholders, analysts, banks, employees, suppliers, service providers, tenants, neighbours, peer companies, the media, policymakers, public authorities, and hotel guests. The topics that were deemed to be material can be assigned to the following categories:

- **Environment and energy**
- **Sustainable corporate culture (ethics and compliance)**
- **Social responsibility**
- **Employees**
- **Human rights**

In the following, Warimpex reports on activities and measures related to the issues deemed to be material, which are described in the overview below:

Topic	Description	Issue according to NaDiVeG
<b>Energy efficiency of buildings</b>	Thermal quality of buildings, energy-efficient technical building systems, appliances, etc. support the energy efficiency of buildings (heating, cooling, electricity consumption)	Environmental issue
<b>Re-use and urban mining/environmental management on construction sites</b>	Use of renewable resources as well as materials that are manufactured in an environmentally friendly manner and are regionally sourced, contaminant-free, multifunctional, and recyclable Noise and dust prevention, exclusion of brownfield sites, effective waste management, safe handling and storage of chemicals, and short transport distances	Environmental issue
<b>Sustainable mobility</b>	Offering of and incentives to use environmentally friendly means of transport such as connections to public transport networks, pedestrian and bike path networks, provision of infrastructure for bicycles, e-mobility, and car and bike sharing	Environmental issue
<b>Corporate governance, compliance, and anti-corruption</b>	Compliance with legal requirements (employment law, competition law, data protection, etc.), clear contract awarding processes, proper legal relationships with contractors	Combatting corruption and bribery
<b>Barrier-free access and occupant safety</b>	Technical components (such as fire protection measures, escape routes, alarms for dangerous situations, or evacuation), structural components (such as signage, lighting, video surveillance, or concierge services) Compliance with all legal regulations and requirements and regular monitoring of this compliance	Social issue
<b>Employee satisfaction</b>	Motivation and satisfaction of the team is strengthened and maintained at a high level	Employee issue
<b>Diversity and equal opportunity</b>	Diverse team structure with regard to age, gender, background, working model, etc.	Employee issue
<b>Work-life balance</b>	Different work schedule models, flexible time management	Employee issue
<b>Respect for human rights</b>	Deep-rooted part of the corporate culture that is put into practice internally and externally	Respect for human rights
<b>Open space design and district climate</b>	Prevention of urban heat islands (e.g. through light-coloured surfaces, providing green areas, water areas, optimised air circulation in districts) Designing open spaces with near-natural conditions (creation of habitats for native plants and animals)	Environmental issue
<b>Healthy indoor climate and quality of interior space</b>	Thermal comfort in winter and summer, visual comfort, sufficient ventilation, prevention of pollutants (formaldehyde, volatile organic compounds, and fine dust), acoustic comfort	Employee issue
<b>Renewable energy</b>	Use of green electricity, photovoltaics	Environmental issue



- Categories**
- Environment and energy
  - Employees
  - Sustainable corporate culture (ethics and compliance)
  - Social responsibility



## NON-FINANCIAL RISKS

Issue	Sustainability topic	- Risks + Opportunities	Description of the risk	Mitigation measures
<b>Environmental issue</b>	Energy efficiency of buildings	- High operating costs - Risk of non-implementation + Low operating costs for tenants, contribution to making Europe climate neutral by 2050	Limitations in construction due to a lack of funds or insufficient resources	Certification of all developed properties over the medium term, certification of new buildings
<b>Environmental issue</b>	Re-use and urban mining/environmental management on construction sites	- Risk of material waste + Potential for cost savings	Re-use of existing materials	Consideration in project concept
<b>Environmental issue</b>	Sustainable mobility	- Risk of a lack of infrastructure + Potential for the use of environmentally friendly means of transport	Lack of charging stations, bike parking spaces, no access to public transport	Consideration in project concept
<b>Combating corruption and bribery</b>	Corporate governance, compliance, and anti-corruption	- Risk of a lack of knowledge + Opportunity due to training	Lack of awareness with regard to bribery and corruption	Training, compliance with Code of Conduct
<b>Social issue</b>	Barrier-free access and occupant safety	- Risk due to solutions that are not user-friendly + Opportunity due to improved accessibility	Compliance with legal requirements	Review of legal requirements for projects and usability
<b>Employee issue</b>	Employee satisfaction	- Risk due to loss of skilled personnel + Opportunities for higher employee satisfaction	Creation of a positive working climate	Employee reviews, office facilities and equipment are up to date
<b>Employee issue</b>	Diversity and equal opportunity	- Risk due to discrimination + Opportunities due to openness	Expertise and diversity	Promotion of diversity
<b>Employee issue</b>	Work-life balance	- Risk due to loss of employees + Opportunities for innovations	Burnout prevention	Training, consumption of holiday leave, balanced assignment of work
<b>Respect for human rights</b>	Respect for human rights	- Risk of human rights violations	Diversity and equal opportunity in the workplace	Principles apply equally to hiring, opportunities for promotion, and remuneration policies
<b>Environmental issue</b>	Open space design and district climate	- Risk of contributing to overheating in summer and soil sealing, reduction of quality of life of occupants and neighbours + Potential for high-quality public spaces outside of the building	Effect of the building on the microclimate of the district, water retention, people-friendly environment	Consideration in project concept
<b>Employee issue</b>	Healthy indoor climate and quality of interior space	- Risk of "sick building syndrome" – negative health impact from indoor emissions, reduced productivity of occupants + Opportunities to ensure well-being of occupants, boost productivity of employees in offices	Thermal comfort, sufficient lighting, selection of sustainable materials for interior design	Consideration in project concept
<b>Environmental issue</b>	Renewable energy	- Risk of negative health impacts from non-renewable energy (e.g. fine dust) + Opportunity to contribute to making Europe climate neutral by 2050	Providing building heat via renewable energy sources, generation of own electricity with photovoltaics, green electricity from credible providers	Consideration in project concept

## ENVIRONMENT AND ENERGY

The topics of energy supply, energy consumption, and energy-related technical building systems are extremely important in the construction and real estate industry. The provision of energy in the form of electricity and heat is the basis for comfortable office facilities. At the same time, energy sources and energy consumption have a significant impact on climate change. Warimpex is aware of its energy-related impact on the environment and society and therefore takes great care with regard to ecological and economic requirements in terms of the energy supply and energy consumption and in terms of enhancing and preserving the value of buildings.

Warimpex also confronts the challenges of our time and makes an essential contribution to the lasting reduction of emissions by planning projects on a long-term basis. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower. Warimpex believes that sustainability and cost efficiency are not mutually exclusive.

At the beginning of 2013, Warimpex completed the BREEAM – Good-certified Le Palais Office building in Warsaw. In 2018, the newly opened Ogrodowa Office building in Łódź received a BREEAM – Very Good certification. A rating of BREEAM – Very Good was obtained for the Mogilska 43 office project that was completed in Krakow in 2019. Both properties received BREEAM In-Use – Excellent certification in 2020 following the completion of optimisation measures. In 2021, the existing Zeppelin property in St. Petersburg received LEED – Gold certification.

In general, certifications are planned for all new developments with a minimum standard of LEED – Gold, BREEAM – Excellent, or DGNB – Gold, for example the Avior Tower project that was recently completed in St. Petersburg with LEED – Gold certification. Although Warimpex's portfolio does not contain any certified hotel properties at this time, the Company nevertheless attaches considerable importance to high environmental standards for existing and future hotels.

When it comes to new projects, the Company plans to maximise the environmental, social, and economic benefits. For Warimpex, this means that properties retain their value or increase in value over the long term while at the same time offering environmental and social benefits. In this context, measures will also be taken to prevent environmental damage. These principles will be followed not only for new construction projects but also for renovations. The Company developed a control model for internal project controlling aimed at reviewing projects with regard to energy efficiency, flexible floor plans, accessibility, and mobility.

### Energy efficiency of the portfolio

Warimpex's direct area of influence lies in the energy-related design of new buildings, modernisation measures at existing properties, and energy performance. In addition, the selection of the energy source can have a positive impact on the energy balance of the properties.

However, energy efficiency does not just depend on the building itself. The careful use of energy by the occupants is also a decisive factor and can make a significant contribution to climate protection. However, Warimpex can only influence the individual behaviour of the occupants to a very limited extent. The steering measures in this regard are focused on clear and targeted communication with occupants, such as through notices at the property.

One key task for Warimpex is to create the conditions for low energy consumption at its buildings. This includes the energy-efficient design of new properties as well as the gradual energy-related modernisation of suitable existing properties.

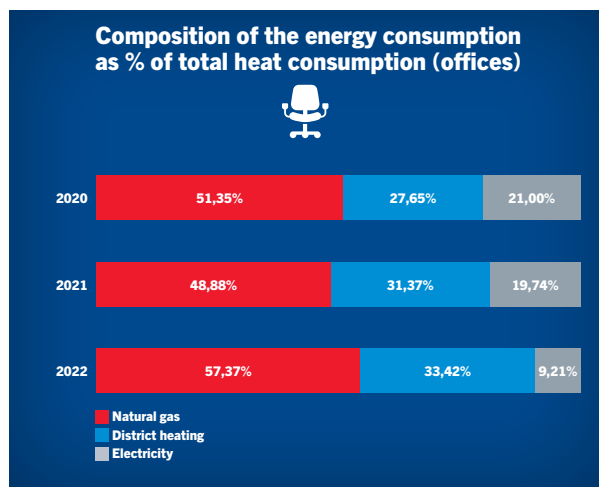
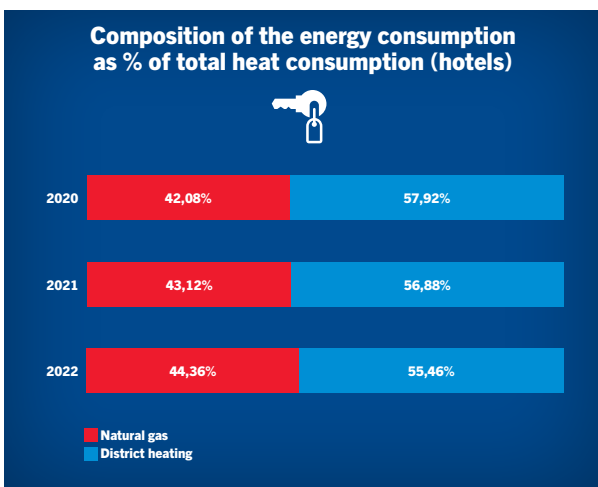
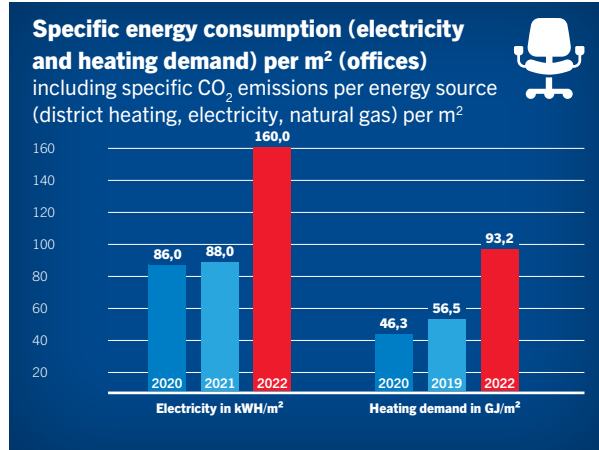
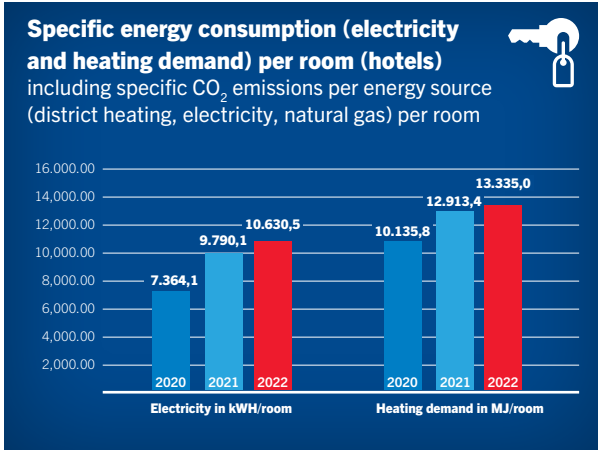
### Indicators for 2022

The indicators are presented differently for the asset classes of offices and hotels in order to provide a clear picture. For hotels, indicators are reported on a per-room basis in order to improve comparability. In contrast, the energy consumption figures for office properties are based on the square metres of lettable space.

The indicators were collected for the first time in 2017 and thus form the basis for the ongoing monitoring of energy consumption. Warimpex aims to improve these indicators on an ongoing basis and take them into consideration in the planning of new projects.

Particular emphasis was placed on energy-efficient and environmentally friendly design for the two newest office buildings in Poland: A green wall was built at the Mogilska 43 project in Krakow, and a green roof was implemented for the Ogrodowa project in Łódź. These measures not only contribute to the occupants' well-being, but also play a decisive role in environmental and climate protection. The energy consumption for cooling is reduced and the burden on the sewer system is minimised by the water retention. At the same time, these measures help to counteract urban heating and the formation of heat islands.

The Company ensures the energy-efficient operation of its own hotels by planning the occupancy of the rooms so that vacant rooms or floors do not have to be fully heated. Care is taken in the initial planning of the projects to ensure that hotel areas can be supplied with energy individually and a major contribution can be made to reducing heating demand.



**Environmental management and safety on construction sites/re-use and urban mining**

At construction sites, the Company does everything in its power to prevent noise and dust, to clean up brownfield sites, and to ensure effective waste management for building demolitions. The efficient separation of secondary raw materials is facilitated by working with companies that provide separation with as little mixing of materials as possible. It is important to Warimpex to maintain good relations and optimal communication with all stakeholders. One notable example in this context is the fact that the heating system of the direct neighbours of the Mogilska 43 construction site was converted to a district heat connection. In addition, vouchers for professional car washes were handed out to neighbours during the demolition work at this construction site. Warimpex plans to continue preventing complaints and lawsuits through good communication with neighbours.

All legal requirements are complied with in the Company’s construction activities, and there have been no official complaints or fatal workplace accidents to date. Warimpex receives monthly reports from the general contractors containing updates on the progress of projects and, if applicable, information about violations of safety requirements and accidents on construction sites. Warimpex has set a clear goal to continue to avoid legal complaints and major violations of safety requirements at construction sites. In addition, the monthly reports

from the general contractors for future projects will be expanded to include information about workplace accidents and official complaints related to occupational safety, environmental issues, and other legal issues.

The rehabilitation of old buildings is prioritised whenever possible in order to save resources, costs, and time. Construction activities are always resource-intensive. The intense use of raw materials contributes to the waste of resources and thus represents a risk to the environment. This risk is minimised by ensuring the optimal continued use of existing buildings in projects. For example, an old office building in Munich was converted into a hotel and an old office building that was built in Budapest in the 1960s was gutted and refurbished into an office building that meets today’s requirements.

In 2022, there was yet again a rehabilitation project: The Red Tower office building that was acquired in Łódź (built in 1978) is being renovated and will be repositioned on the market.

**Sustainable mobility**

Mobility involves a number of current and future challenges pertaining to climate change, particularly in urban areas. This includes the risk of local air pollution due to emissions from automobile traffic in the form of nitrogen oxide as well as energy consumption.

Due to the rising demand for charging stations for electric vehicles, there is a risk that it will not be possible to provide a sufficient number of EV charging stations for the occupants of buildings. Forward-looking, intelligent mobility and traffic concepts are viable solutions in this context, including the increased use of public transport and car-sharing programmes as well as the further electrification of mobility in urban areas. In order to meet these requirements, it is important to account for a sufficient number of charging stations with a suitable charging capacity and charging connection in the initial planning stages and to observe and evaluate various concepts in order to determine which ones should be implemented at a site to optimally meet the demand.

E-mobility in particular represents an essential and ground-breaking topic. In this context, the future need for parking spaces with electric charging points or cable conduits for later retrofitting efforts at the building already have to be taken into consideration in the design and planning phase – generally around three years before completion. Among Warimpex's existing properties, Ogrodowa Office and Mogilska 43 Office currently offer EV charging stations, and EV charging stations are also planned for new projects. A total of 60 bike parking spaces were built at Mogilska 43 (which corresponds to 0.4 parking spaces per 100 square metres of office space). The building also offers showers and changing rooms in order to make it more appealing for employees to bike to the office. Ogrodowa Office in Łódź has 150 bike parking spaces (which corresponds to 0.5 parking spaces per 100 square metres of office space) as well as showers and changing rooms in the office facilities.

The majority of the Warimpex Group's properties are in central locations in primary and secondary cities. Good transport connections for the users of the building (employees and customers) are an important factor for all of the projects. Hotels and office properties have to be easy to get to – both with public transport such as buses or trains as well as with cars and coaches. Public transport stations are generally located within a radius of 200 metres, and a connection to the airport must be available.

In the future, it will become increasingly important to offer optimal connections to the public transport network in a city because significant restrictions on private transport such as car-free zones or parking restrictions are to be expected. It is also crucial to promote sustainable mobility (electric vehicles, car sharing, etc.) because property users will see these offerings as decisive factors. In order to optimally address these developments, Warimpex has set itself the goal of taking sustainable mobility into consideration as a criterion for future projects.

#### In-house environmental management

	in t CO <sub>2</sub>					
	2022	2021	2020	2019	2018	2017
Flights	20	37	46	129	113	123
Kilometres driven by car	19	19	22	29	32	64

*This table only applies to employees of Warimpex Finanz- und Beteiligungs AG*

The volume of carbon dioxide emissions caused by travel activities in 2022 decreased compared with the prior year. This reduction is the result of a decline in travel due to changes in employees' travel behaviour.

Warimpex's employees have a high level of travel because nearly all of the Company's projects are located outside of Austria. This impacts the environment through increased emissions and represents a danger to employee safety due to the increased risk of car accidents. Travel planning is the responsibility of the relevant project team, but reducing travel to an absolute minimum is a basic principle at Warimpex. Efforts are made in the planning of business travel to combine the travel of individual employees and to form carpools in order to keep travel expenses and the environmental impact as low as possible. Some project sites can be reached by train or plane, while others are more conducive to travelling by car because they are more easily accessible by car or require technical equipment to be taken along. In order to reduce business travel, the use of teleconferences and video conferences is encouraged. The necessary technology required for this is provided by Warimpex.

New developments are evaluated and incorporated into the Company's IT on an ongoing basis in order to ensure the optimal use of new technologies. This enables cross-border collaboration in projects to be simplified and employees' travel to be optimised. Warimpex acquired three electric vehicles for its vehicle fleet as part of a pilot project in order to study usage behaviour and gather valuable information both for future travel and for the charging infrastructure and other requirements for office locations. Along with the ongoing maintenance and modernisation of the vehicle fleet, investments are being made in employee training for business travel in the form of driving courses.

## SUSTAINABLE CORPORATE CULTURE (ETHICS AND COMPLIANCE)

Around the world, bribery and corruption hinder investment activities and disrupt international competition. In addition, the economic, social, and ecological well-being of society is jeopardised by the diversion of funds through corrupt practices. Companies play an important role in combatting these practices because corruption is damaging not only to democratic institutions but also to proper corporate governance. In addition, some of the countries in which Warimpex does business have poor rankings according to the Corruption Perceptions Index and are thus exposed to a higher risk of corruption.

### Corporate governance, compliance, and anti-corruption

Therefore, the implementation of effective corporate governance practices represents a significant sustainability topic with regard to fostering a responsible corporate culture.

As a listed company, Warimpex operates in accordance with the rules of the Austrian Code of Corporate Governance (January 2021 version) and the Polish Best Practice for GPW Listed Companies 2021. These codes are voluntary agreements for proper corporate governance and control aimed at achieving responsible value creation focused on sustainability and a long-term vision. These measures ensure that the interests of all stakeholders whose welfare is dependent upon the success of the Company are optimally served and that a high level of transparency is provided.

### Code of Conduct

The Code of Conduct (CoC) is a summary of the general rules of conduct for Warimpex employees. The CoC has been applied at Warimpex AG since 2013 and was extended to all of the fully consolidated companies in 2018.

Warimpex's employees are required to obey the law at all times in their business dealings and to clearly reject all forms of bribery or corruption with their own conduct. The CoC documents the Company's interactions with employees, customers, suppliers, and all other stakeholders and provides orientation for day-to-day conduct. The ethical and legal rules and guidelines are specified in the CoC and promote individual responsibility and an open, respectful, and responsible working climate.

Employees receive ongoing training in order to foster an open and honest working climate. In 2022, training courses were offered on current topics such as the General Data Protection Regulation. Training sessions were also held on the Code of Conduct and corruption prevention as well as occupational safety. These training measures will be offered again in 2023. The various workdays of employees due to different scheduling

models and travel are taken into account when planning the dates for training by offering multiple courses on different days so that everyone can participate. In addition, Warimpex strives to offer additional training as needed when it becomes apparent that a certain topic is important at the moment or is requested by the employees.

No cases related to corruption or violations of internal compliance guidelines have been identified to date.

## SOCIAL RESPONSIBILITY

### Barrier-free access and occupant safety in planning and operations

Barrier-free access is taken into account in accordance with legal requirements in both new construction and in the renovation/refurbishment of existing properties. All offices and hotels offer barrier-free access. The safety of the occupants is ensured through regular monitoring in line with local ordinances (e.g. inspection by the fire department or work inspectors) and at the management level (inspection together with the operators of the relevant property). Our own random inspections ensure the safety of the occupants of our properties and minimise the risk of a violation of the applicable regulations. No significant complaints (e.g. imminent hazards) have been lodged by authorities in relation to safety requirements to date. In acute cases, individual measures are taken to ensure the safety of the occupants at the given property. For example, increased security checks have been performed at the entrances to hotels in response to terrorist attacks in a given destination. The goal is to prevent complaints by authorities and customers and to meet all legal requirements in order to guarantee the safety of the occupants at all times.

Six of the 294 hotel rooms at the Airportcity Plaza hotel in St. Petersburg are barrier-free, which represents a share of 2 per cent. At the greet hotel in Darmstadt, 2 of 194 hotel rooms are barrier-free (1 per cent).

## EMPLOYEES

### Employee satisfaction

Warimpex aims to offer opportunities for growth and career advancement, to reward outstanding performance, to promote collaboration at all levels, and to ensure an open corporate culture. The working world is constantly changing due to more vigorous demands and increasing requirements for flexibility. It is becoming more and more difficult for employees to achieve a balance between their careers, family duties, and private lives. A consistent policy of equal treatment, flexitime work

models, and teleworking opportunities represent the pillars of a healthy work-life balance for Warimpex’s employees.

Hotels are operated by hotel management companies under management agreements. Therefore, control over personnel matters and the management of the hotel staff are the responsibility of the hotel managers and are not influenced by Warimpex. As such, the following information only pertains to Warimpex’s other two segments (Investment Properties and Development and Services).

**Employees in the Group**

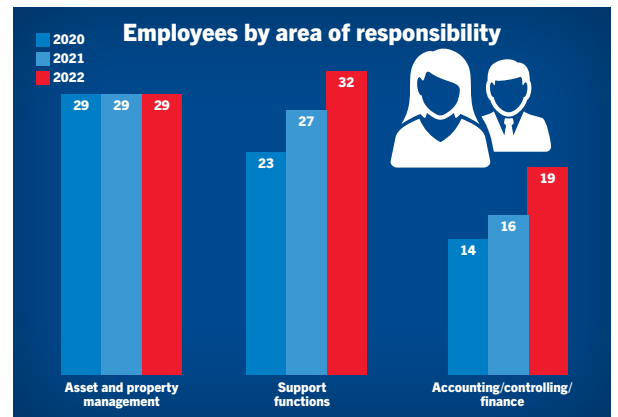
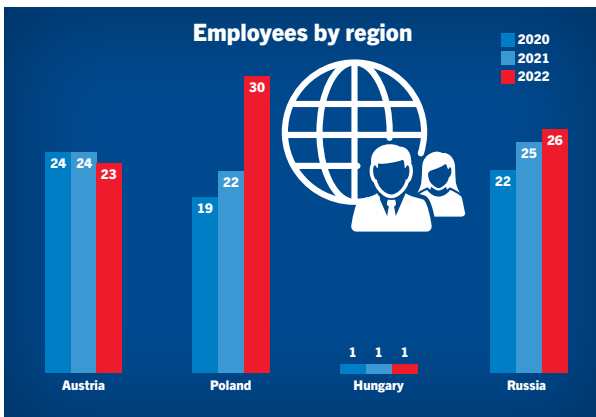
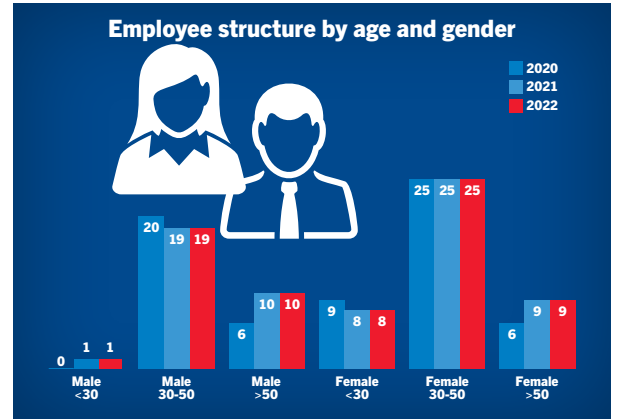
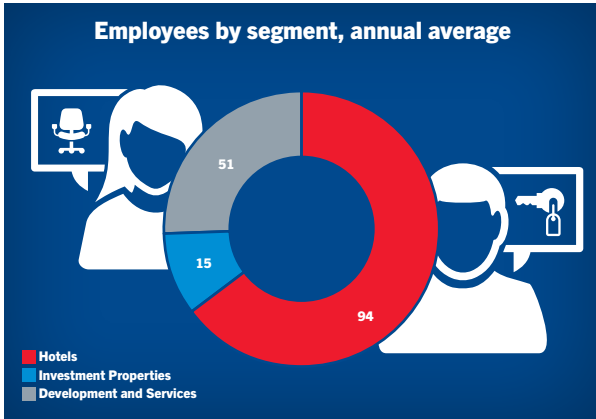
As at 31 December 2022, 80 employees worked full or part time in administrative positions at the fully consolidated companies of the Warimpex Group. The following charts show the distribution of the employees according to their regional assignment and their area of responsibility. Overall, roughly 36 per cent of the employees work in the areas of asset and property management.

The duties in asset and property management include the management of the existing properties and development properties by the managers, technicians, and project controllers. The finance segment comprises the Group accounting department and the bookkeeping departments. The support functions provide administrative and organisational assistance to the other two segments.

In order to guard against the risk of losing highly qualified staff members, Warimpex’s employees are provided with state-of-the-art technical equipment to make the work process as smooth and efficient as possible. This is intended to ensure a safe and pleasant work environment for everyone. Employees are also supported through the open and honest corporate culture. Warimpex has flat hierarchies; particular emphasis is placed on fostering a level playing field and respectful collaboration. The Company also takes the individual needs of the employees into consideration by offering various working models such as part-time schedules, teleworking, and other possibilities, and adapting these models as necessary.

**Diversity and equal opportunity**

Ensuring equal opportunity between women and men and diversity with regard to the employees’ different cultural backgrounds is a key priority for the Company. Diversity is valued at Warimpex. This diversity applies not only to the background of employees from different cultures and countries, but can also be seen in the age structure of the staff. Employees from



four countries and with various migration backgrounds work at the Group's headquarters in Vienna. At Warimpex, no one is excluded due to their gender, age, or background. On the contrary: The convergence of different views, opinions, and experiences allows many different aspects to be examined and addressed in projects.

A flat hierarchy also allows goals to be achieved through short communication channels, without having to fight through extraneous bureaucracy. Women and men are given equal opportunities to stay connected to the Company even when they are on parental leave. Invitations to company events are also sent to employees on parental leave, and these employees can continue to use communication devices such as their phones and laptops while on leave. It is also possible to work while on parental leave, and many employees take advantage of this opportunity. When employees return from parental leave, their needs are re-evaluated and individually adapted to suit their circumstances. In cases where it is desired and possible, teleworking and flexible working hours are agreed with employees. All of these measures have proven to be effective in the past and will thus be continued in the future. As a result, the risk of potential discrimination against employees is deemed to be low. Warimpex sees the diversity of its employees as an opportunity and utilises it accordingly.

The share of women in the total workforce was just under 53 per cent as at 31 December 2022 and thus remained stable compared with 2021. Warimpex offers its female and male employees the same opportunities and requirements. What counts are an employee's qualifications and experience in their field, not their nationality or gender. Women and men are provided with the same support – equality is a matter of course at Warimpex and is also reflected in the share of women in the total workforce.

The average age of the employees is roughly 43.4 years. The Warimpex Group works with an attractive mix of experienced employees and new employees.

Warimpex sees the diversity of its employees as an important factor for success.

## HUMAN RIGHTS

Respecting human rights is seen as a deep-rooted part of Warimpex's philosophy and is put into practice each and every day. Freedom of expression is anchored in Warimpex's organisational structure because there are no restrictions on communication of any kind apart from the established confidentiality areas. Warimpex also respects and aims to protect everyone's right to freely practise their beliefs. At hotel buildings, for example, the interior design is kept non-religious as far as possible in order to ensure the religious freedom of all users. This is reflected in the selection of the pictures in the rooms and the lack of religious symbols such as crosses.

Respect for human dignity is primarily an important issue when it comes to employee relations. Warimpex is absolutely opposed to all forms of prejudice and discrimination. It is important that all employees are treated equally regardless of their age, gender, sexual orientation or identity, nationality, ethnic background, disability, religion, or world views. The Company actively promotes a culture characterised by respect, openness, trust, and mutual appreciation.

Warimpex is clearly committed to protecting international human rights. The Company supports and respects the protection of human rights within its sphere of influence and ensures that it is not involved in human rights violations. We expect our suppliers and partners to comply with the legal regulations as well. Warimpex assumes that they comply with the applicable laws for the protection of human rights and that violations are appropriately prosecuted by the competent legal authorities in the jurisdiction of the relevant suppliers and partners. We do not see a need or a possibility to take additional internal initiatives in this area. Suppliers and partners also receive goods and services from third parties in some cases. We are not aware of any human rights violations in connection with supply chains to date. We assume that our suppliers and partners take action if they become aware of such issues. Proven violations are punished and can result in the termination of the business relationship with the respective supplier or partner.

### Social commitment – impact on society and the environment

Warimpex aims to reduce poverty and promote the arts and culture with donations and sponsorship activities. To this end, donations are regularly made to the following organisations: Teach For Austria, Freispiel, and Entwicklungshilfeclub. We get involved on a personal basis: Members of the Management Board take part in the events at schools and hold presentations as part of the Teach For Austria programme.

### Effects of COVID-19

The COVID-19 crisis had an impact on several factors in 2020, 2021, and to some extent in 2022:

**Environmental issues:**

The reduced travel activity around the world resulted in lower consumption of resources and thus to a decline in greenhouse gas emissions. This can also be seen in the travel activity of the Warimpex Group. However, it must be noted that no compromises are being made with regard to the Company's sustainability goals based on the decline in business caused by the COVID-19 crisis.

**Employee issues:**

The opportunities for teleworking and videoconferencing were expanded due to the crisis. Teleworking is offered to all employees. Training in the use of new programs is completed on an ongoing basis. The Company's data security was assessed and was deemed to be appropriate. Employees have the opportunity to get tested for COVID, and COVID antigen self-tests are also provided at the office.

**Human rights:**

There is a potential risk of human rights violations during the COVID-19 crisis – women are more heavily impacted due to short-time work and the double burden of professional and family obligations, and this was taken into account at Warimpex by offering flexible working hours.

**Effects of the conflict in Ukraine**

At the time of the preparation of this report, our attention is focused on the conflict in Ukraine and the resulting wave of refugees. Based on our connections to Poland and the situation prevailing there at the moment, we are providing support by working with our contacts in the country to organise the transport of refugees to our hotel in Darmstadt, Germany, where we want to offer fast, unbureaucratic assistance for people in need. We are in contact with our partners in Germany and are providing help for dealing with administrative matters with government agencies and delaying construction work in Darmstadt so that we can provide accommodations for refugees over the medium term. We are aware that these are not fully adequate apartments, but are providing shared kitchens, washing machines, and other such amenities in an effort to offer comfortable lodging on a medium-term basis to allow people to organise longer-term living arrangements in an environment that is as peaceful as possible.

Our activities in Russia are limited to the St. Petersburg region, so neither our employees nor our properties are directly affected by the events. Warimpex and all of its employees are appalled and dismayed by these events and we can only hope that peace is restored very soon and further unnecessary suffering is prevented.

**Effects of inflation and higher energy prices**

Although inflation has retreated from the recent highs in some countries, it is possible that energy prices will remain elevated and/or volatile for some time. In this context, efforts to develop energy-efficient buildings or make older buildings more environmentally friendly through renovations are all the more important.





Mogilska 35 Office  
Krakow, PL

**DISCLOSURES PURSUANT TO § 243A  
AUSTRIAN COMMERCIAL CODE**

The share capital of Warimpex Finanz- und Beteiligungs AG amounts to EUR 54,000,000 and is divided into 54,000,000 non-par-value bearer shares.

The Management Board is aware of no limitations on voting rights or the transfer of shares.

The following shareholders each hold interests amounting to more than 10 per cent of the Company's share capital:

Georg Folian	14.6%
Franz Jurkowitsch	14.3%
Bocca Privatstiftung	10.6%
Amber Privatstiftung	10.7%

The bond of Warimpex Finanz- und Beteiligungs AG as at 31 December 2022:

	<b>ISIN</b>	<b>Outstanding amount</b>
Bond 09/25	AT0000A23GA4	EUR 5,400,000

**Treasury shares:**

At the Annual General Meeting on 3 June 2019, the Management Board was authorised to purchase shares in the Company up to the maximum amount permitted by law of 10 per cent of the total capital stock within a period of 30 months after the passing of the motion. The purposes for which the purchased shares may be used were also specified. In addition to being held as treasury shares, they can be sold or given to employees of the Company or of an associate. The shares can also be used to service the convertible and/or warrant bonds or as payment for the purchase of real estate, business entities, business operations, or shares in one or more companies in Austria or abroad, or can be sold at any time on the exchange or through a public offer, and can be sold by any other legal means, including outside of the stock exchange, for a period of five years after the adoption of the resolution.

A buyback programme was completed from 23 September 2019 to 4 March 2020, with 1,000,000 shares being purchased at an average price of EUR 1.60.

Warimpex held a total of 1,939,280 treasury shares as at 31 December 2022, which corresponds to 3.59 per cent of the capital stock.

Apart from the above, there are no further particulars that must be disclosed pursuant to § 243a Austrian Commercial Code.

## Outlook

The following development projects are currently under construction or development:

- Mogilska 35 Office with roughly 11,900 square metres of space, Krakow (under construction)
- MC 55 office building in Białystok with roughly 38,500 square metres of space (currently being planned, building permit issued)
- Chopin office building with roughly 21,200 square metres of space, Krakow (currently being planned, building permit issued)
- West Yard 29 office building in Darmstadt with roughly 13,800 square metres of space (currently being planned)

As in the previous financial year, our operational focus in 2023 is once again on making preparations for construction and obtaining building permits for our development projects as well as continuing ongoing construction. Avior Tower 1 in St. Petersburg, which offers roughly 16,900 square metres of space, was completed in the third quarter of 2022 and is already fully occupied; the lease term began in January 2023. Mogilska 35 Office is scheduled to be completed in the summer of 2023.

While the economic effects of the coronavirus pandemic only affect Warimpex to a limited degree at this time, management continues to focus on the current geopolitical developments in connection with the conflict in Ukraine. The Management Board is monitoring the economic and legal developments in Russia very closely in coordination with the Supervisory Board in order to be able to react quickly to current events if necessary. At present, it is possible to continue the operational activities (letting and operation of a hotel) in Russia without significant restrictions; new projects are not planned at this time. As at the reporting date, there are bank deposits of Russian subsidiaries equivalent to EUR 5,726 thousand that the Group can only access to a limited extent due to the applicable restrictions on the movement of capital, as there are monthly limits per company for transfers from Russia to the EU. Other financial effects on the consolidated financial statements due to the investments in Russia (see section 3.4.1. in the notes to the consolidated financial statements) are possible depending on the duration of the conflict, but cannot be reliably estimated at present.

In addition, inflation increased in 2022 and the central banks in the USA and in Europe reacted by raising key interest rates in multiple steps. The resulting increase in the cost of project financing and the rise in yields for properties, which in turn will lead to lower property values, will be key topics in the real estate industry in 2023. As at the reporting date, only around 20 per cent of the Group's interest-bearing financial liabilities

were subject to variable interest rates, so interest rate risk should remain manageable for Warimpex.

Based on the budget figures for the current financial year, the Group expects the positive development of its operational activities to continue. Although market conditions are expected to be challenging due to the conflict in Ukraine and the higher prices and interest rates, Warimpex is optimally prepared to meet these challenges with its experienced and crisis-tested team.

In addition, the topic of sustainability is becoming an increasingly important focus. Sustainability has long since become more than a peripheral topic and now shapes the thinking and actions of the majority of the population. Sustainability and climate protection are gaining even more significance due to the initial application of the EU Taxonomy, which is aimed at promoting environmentally sustainable economic activities. Throughout the Group, the goal is to confirm the implementation of sustainability concepts at our properties by obtaining appropriate certifications for our property portfolio. Several of our properties have already been classified as Taxonomy-aligned and thus as environmentally sustainable. We will continue on this course in the future.

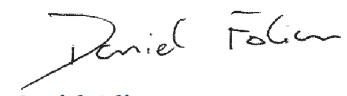
Vienna, 21 April 2023



**Franz Jurkowitsch**  
Chairman of the Management Board



**Alexander Jurkowitsch**  
Member of the Management Board



**Daniel Folian**  
Deputy Chairman of the Management Board



**Florian Petrowsky**  
Member of the Management Board

# Consolidated Financial Statements

AS AT 31 DECEMBER 2022

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**Palais Hansen  
Kempinski\*\*\*\*\***  
Vienna, A

# Consolidated Income Statement

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022

in EUR '000	Note	2022	2021
Investment Properties revenues		33,154	20,267
Hotels revenues		9,273	4,836
Development and Services revenues		2,709	1,618
<b>Revenues</b>	6.1.	<b>45,136</b>	<b>26,720</b>
Expenses from the operation of investment properties		(6,355)	(5,283)
Expenses from the operation of hotels		(7,457)	(4,061)
Expenses directly attributable to development and services		(2,288)	(1,253)
<b>Expenses directly attributable to revenues</b>	6.2.	<b>(16,100)</b>	<b>(10,597)</b>
<b>Gross income from revenues</b>		<b>29,036</b>	<b>16,123</b>
Income from the sale of properties		9,427	–
Disposal of carrying amounts and expenses related to sales		(6,606)	–
<b>Gains or losses from the disposal of properties</b>	5.1.	<b>2,821</b>	–
<b>Other operating income</b>	6.3.	<b>1,374</b>	<b>6,490</b>
<b>Administrative expenses</b>	6.4.	<b>(14,122)</b>	<b>(7,322)</b>
<b>Other expenses</b>	6.5.	<b>(2,611)</b>	<b>(779)</b>
<b>Earnings before interest, taxes, depreciation, amortisation, and remeasurement (EBITDA)</b>		<b>16,498</b>	<b>14,512</b>
Scheduled depreciation and amortisation on property, plant, and equipment		(2,057)	(1,527)
Scheduled depreciation on right-of-use assets		(351)	(379)
Impairment of property, plant, and equipment		(814)	–
Reversals of impairment on property, plant, and equipment		–	470
Gains/losses on remeasurement of investment property		45,872	2,460
<b>Depreciation, amortisation, and remeasurement</b>	6.6.	<b>42,649</b>	<b>1,025</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>59,148</b>	<b>15,537</b>
Interest revenue	6.7.	500	628
Other finance income	6.8.	–	7,923
Finance expenses	6.9.	(13,847)	(8,458)
Changes in foreign exchange rates	6.10.	3,885	1,008
Result from joint ventures (equity method) after taxes	7.3.4.	2,940	(1,713)
<b>Financial result</b>		<b>(6,522)</b>	<b>(613)</b>
<b>Earnings before taxes</b>		<b>52,626</b>	<b>14,924</b>
Current income taxes	6.11.	(1,308)	(372)
Deferred income taxes	7.5.	(8,454)	(2,572)
<b>Taxes</b>		<b>(9,762)</b>	<b>(2,944)</b>
<b>Profit or loss for the period</b>		<b>42,864</b>	<b>11,980</b>
thereof profit or loss of non-controlling interests		25	(294)
<b>thereof profit or loss of shareholders of the parent</b>		<b>42,839</b>	<b>12,274</b>
Undiluted earnings per share in EUR	7.9.1.	0.82	0.24
Diluted earnings per share in EUR	7.9.1.	0.82	0.24

# Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022

in EUR '000	Note	2022	2021
<b>Profit or loss for the period</b>		<b>42,864</b>	<b>11,980</b>
Foreign exchange differences		1,855	3,921
<i>thereof reclassified to the income statement</i>		–	16
Other comprehensive income from joint ventures (equity method)		–	281
(Deferred) taxes in other comprehensive income		804	(162)
<b>Other comprehensive income (reclassified to profit or loss in subsequent periods)</b>	7.9.3.	<b>2,659</b>	<b>4,040</b>
Gains/losses from remeasurement of property, plant, and equipment	7.7.	–	586
Gains/losses from financial assets measured at fair value through other comprehensive income	7.7.	(283)	(121)
Gains/losses from remeasurement in accordance with IAS 19		332	(466)
(Deferred) taxes in other comprehensive income		–	(93)
<b>Other comprehensive income (not reclassified to profit or loss in subsequent periods)</b>	7.9.3.	<b>49</b>	<b>(94)</b>
<b>Other comprehensive income</b>		<b>2,708</b>	<b>3,946</b>
<b>Total comprehensive income for the period</b>		<b>45,572</b>	<b>15,926</b>
thereof profit or loss of non-controlling interests		21	(76)
<b>thereof profit or loss of shareholders of the parent</b>		<b>45,551</b>	<b>16,002</b>

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

in EUR '000	Note	31/12/2022	31/12/2021
<b>ASSETS</b>			
Investment properties	7.1.	388,463	324,596
Property, plant, and equipment	7.2.	36,408	36,590
Other intangible assets		47	75
Joint ventures (equity method)	7.3.	410	415
Financial assets measured at fair value through other comprehensive income	7.7.	5,221	5,504
Derivative financial instruments		85	399
Other assets	7.4.	1,782	2,347
Deferred tax assets	7.5.	1,666	1,187
<b>Non-current assets</b>		<b>434,081</b>	<b>371,114</b>
Inventories		189	140
Trade and other receivables	7.6.	4,873	5,673
Cash and cash equivalents	7.8.	15,924	11,192
<b>Current assets</b>		<b>20,986</b>	<b>17,004</b>
<b>TOTAL ASSETS</b>		<b>455,068</b>	<b>388,118</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	7.9.1.	54,000	54,000
Retained earnings	7.9.3.	128,659	86,103
Treasury shares	7.9.3.	(2,991)	(2,991)
Other reserves	7.9.3.	(9,505)	(12,500)
<b>Equity attributable to shareholders of the parent</b>		<b>170,164</b>	<b>124,612</b>
Non-controlling interests		125	105
<b>Equity</b>		<b>170,289</b>	<b>124,717</b>
Bonds	7.10.1.	10,785	5,360
Other financial liabilities	7.10.2.	203,630	189,565
Lease liabilities	7.10.3.	1,737	1,849
Other liabilities	7.12.	8,408	7,271
Provisions	7.13.	2,344	2,754
Deferred tax liabilities	7.5.	19,831	11,955
Deferred income		41	64
<b>Non-current liabilities</b>		<b>246,775</b>	<b>218,817</b>
Bonds	7.10.1.	1,842	1,861
Other financial liabilities	7.10.2.	26,577	27,185
Lease liabilities	7.10.3.	400	314
Trade and other payables	7.14.	9,048	11,894
Provisions	7.13.	98	2,942
Income tax liabilities	6.11.	17	292
Deferred income		23	95
<b>Current liabilities</b>		<b>38,004</b>	<b>44,584</b>
<b>Liabilities</b>		<b>284,779</b>	<b>263,401</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>455,068</b>	<b>388,118</b>

# Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022

in EUR '000	Note	2022	2021
<b>Cash receipts</b>			
from letting and hotel operations		47,027	25,764
from real estate development projects and other		2,543	1,733
from interest income		327	132
<b>Cash receipts from operating activities</b>		<b>49,897</b>	<b>27,629</b>
<b>Cash payments</b>			
for real estate development projects		(650)	(89)
for materials and services received		(15,664)	(9,328)
for personnel expenses		(10,850)	(8,251)
for other administrative expenses		(9,733)	(4,828)
for income taxes		(1,647)	(156)
<b>Cash payments for operating activities</b>		<b>(38,544)</b>	<b>(22,652)</b>
<b>Net cash flows from operating activities</b>		<b>11,353</b>	<b>4,977</b>
<b>Cash receipts from</b>			
the sale of disposal groups and property	5.1.	12,870	–
less outflow of cash and cash equivalents from disposal groups sold		(366)	–
purchase price payments from sales in previous periods		125	125
the sale of property, plant, and equipment		83	–
other financial assets		383	2,806
returns on joint ventures		3,061	–
<b>Cash receipts from investing activities</b>		<b>16,156</b>	<b>2,931</b>
<b>Cash payments for</b>			
investments in investment property		(18,057)	(17,474)
investments in property, plant, and equipment		(1,204)	(2,872)
investments in intangible assets		(3)	(26)
other financial assets		(3)	–
joint ventures		–	(859)
the purchase of equity interests		–	(3,372)
less received cash and cash equivalents of equity interests		–	4,088
<b>Payments made for investments</b>		<b>(19,267)</b>	<b>(20,515)</b>
<b>Net cash flows for investing activities</b>		<b>(3,111)</b>	<b>(17,584)</b>
<b>Cash payments to non-controlling interests</b>			
	5.2.	–	(1)
<b>Cash received from the issue of bonds</b>			
	7.10.3.	7,700	–
<b>Cash payments for the redemption of bonds</b>			
	7.10.3.	(1,800)	(1,800)
<b>Cash receipts from loans and borrowing</b>			
	7.10.3.	40,494	80,664
<b>Payments for the repayment of loans and borrowing</b>			
	7.10.3.	(36,912)	(55,894)
<b>Payments for the payment of lease liabilities</b>			
	7.10.3.	(349)	(230)
<b>Paid interest (for loans and borrowing)</b>			
		(12,054)	(6,233)
<b>Paid interest (for bonds)</b>			
		(489)	(251)
<b>Paid financing expenses</b>			
		(1,110)	(1,731)
<b>Net cash flows from financing activities</b>		<b>(4,520)</b>	<b>14,523</b>
<b>Net change in cash and cash equivalents</b>		<b>3,722</b>	<b>1,916</b>
<b>Foreign exchange rate changes in cash and cash equivalents</b>			
		(26)	(1)
<b>Foreign exchange rate changes from other comprehensive income</b>			
		1,037	345
<b>Cash and cash equivalents as at 1 January</b>			
		11,192	8,931
<b>Cash and cash equivalents as at 31 December</b>		<b>15,924</b>	<b>11,192</b>



# Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022

in EUR '000	Equity attributable to shareholders of the parent					Non-controlling interests	Total equity
	Share capital	Retained earnings	Treasury shares	Other reserves	Total		
<b>As at 1 January 2021</b>	<b>54,000</b>	<b>77,307</b>	<b>(2,991)</b>	<b>(17,697)</b>	<b>110,619</b>	<b>(1,827)</b>	<b>108,792</b>
Changes in the scope of consolidation	–	16	–	(16)	–	–	–
Reclassification from IAS 19 reserve	–	(1,364)	–	1,364	–	–	–
Increase of shares within scope of consolidation	–	(2,008)	–	–	<b>(2,008)</b>	2,007	<b>(1)</b>
Total comprehensive income for the period	–	12,153	–	3,848	<b>16,002</b>	(76)	<b>15,926</b>
<i>thereof profit or loss for the period</i>	–	12,274	–	–	<b>12,274</b>	(294)	<b>11,980</b>
<i>thereof other comprehensive income</i>	–	(121)	–	3,848	<b>3,727</b>	219	<b>3,946</b>
<b>As at 31 December 2021</b>	<b>54,000</b>	<b>86,103</b>	<b>(2,991)</b>	<b>(12,500)</b>	<b>124,612</b>	<b>105</b>	<b>124,717</b>
<b>= As at 1 January 2022</b>	<b>54,000</b>	<b>86,103</b>	<b>(2,991)</b>	<b>(12,500)</b>	<b>124,612</b>	<b>105</b>	<b>124,717</b>
Total comprehensive income for the period	–	42,556	–	2,995	<b>45,551</b>	21	<b>45,572</b>
<i>thereof profit or loss for the period</i>	–	42,839	–	–	<b>42,839</b>	25	<b>42,864</b>
<i>thereof other comprehensive income</i>	–	(283)	–	2,995	<b>2,712</b>	(4)	<b>2,708</b>
<b>As at 31 December 2022</b>	<b>54,000</b>	<b>128,659</b>	<b>(2,991)</b>	<b>(9,505)</b>	<b>170,164</b>	<b>125</b>	<b>170,289</b>

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022

## [01] ICorporate Information

Warimpex Finanz- und Beteiligungs AG (“the Company” or “Warimpex”) is registered with the Commercial Court of Vienna under the number FN 78485w. The Company’s registered address is Floridsdorfer Hauptstrasse 1, A-1210 Vienna, Austria.

The audited consolidated financial statements of Warimpex Finanz- und Beteiligungs AG for the reporting year ended 31 December 2022 were authorised for release to the Supervisory Board by the Management Board on 21 April 2023. It is the duty of the Supervisory Board to review the consolidated financial statements and state whether the consolidated financial statements are approved.

The core activities of the Group encompass the construction, purchase, and refurbishment of office buildings and hotels as well as the operation of these properties in Central and Eastern Europe. Depending on the market situation and maturity, properties are sold to achieve the maximum added value.

## [02] Information on the Business Segments

### 2.1. General

Reporting within the Group is based on the following reportable business segments:

- Investment Properties
- Hotels
- Development and Services

The business segments were defined according to the criteria in IFRS 8.5 ff. The individual segments are identified on the basis of their different products and services. The individual hotels and individual managed properties (investment properties) also represent individual business segments based on the Group’s reporting structure and are consolidated under the reportable segments of Hotels and Investment Properties as appropriate in accordance with IFRS 8.12. Detailed information about this can be found in section 2.2.

Transactions between business segments contain the recharging of intragroup services and project development services at arm’s length terms. Service relationships with a single customer exceeded 10 per cent of the total Group revenues in the reporting period. These revenues amounted to EUR 22,635 thousand (2021: EUR 10,342 thousand) and primarily pertained to the Investment Properties segment. Revenues from customers are allocated geographically in the segment reporting according to the place of performance.

The internal reporting and segment reporting are completed according to the provisions of the IFRS as they have been adopted by the EU. Up until 31 December 2021, one hotel and one office property were operated through joint ventures and the income and expenses of joint ventures were recognised according to the proportionate consolidation method for the purposes of the segment information. The “Reconciliation” column showed the effects from the reconciliation between recognition of the joint ventures using the proportionate consolidation method for the segment information and the equity method in the consolidated financial statements.

Because the Group has only held a stake in one remaining operational joint venture since December 2021, the internal reporting and thus also the segment information for 2022 were changed such that they now contain all companies included in the consolidated financial statements without the proportionate consolidation of the remaining joint venture. The results of the joint ventures in the prior year were adjusted accordingly in the item Results from joint ventures in the segment information.

## 2.2 Information about the individual business segments

### 2.2.1. Investment Properties segment

The Investment Properties segment contains the business activities, assets, and liabilities for the non-hotel properties that are currently operated by the Group. These are offices and office buildings that have comparable economic characteristics. The office properties in the reportable segment are comparable in terms of the rendered services (letting), the production processes (construction or purchase of the property, tenant adaptations), the customer groups (corporate customers), and the sales channels.

The properties were wholly owned by the Group as at the reporting date. The Investment Properties segment contains the following buildings for the reporting period:

Poland:	Ogrodowa Office, Łódź; Red Tower, Łódź; Mogilska 41 Office, Krakow; Mogilska 43 Office, Krakow
Russia:	Zeppelin office tower, Bykovskaya multi-use building, Jupiter 1 and 2 office towers (as a joint venture until 31 December 2021), in part Avior Tower (let out from 1 January 2023) – all in St. Petersburg
Hungary:	B52 Office (until June 2022), Erzsébet Office – both in Budapest

This segment is managed on the basis of the performance metrics according to IFRS, in particular EBITDA (earnings before financial expenses and gains/losses on remeasurement). The revenues consist primarily of rental revenue (according to IFRS 16), income from charged operating expenses (IFRS 15), and, if applicable, revenue for tenant adaptations.

### 2.2.2. Hotels segment

The individual hotels are combined into a single reportable segment on the basis of comparable economic characteristics. This pertains particularly to the type of products and services (lodging, food and beverages), to the production processes in the hotels, to the customer structure (business and leisure), and to the sales channels.

The resulting business segment covers all activities, assets, and liabilities that are associated with the operation of hotels. The hotels are either wholly owned by the Group or are leased (as part of a joint venture). The hotels are in the three-star superior and four-star segments. The following hotels are fully or proportionately included in the segment information:

Poland:	InterContinental hotel, Warsaw (lease, joint venture)
---------	--

Russia:	Airportcity Plaza, St. Petersburg (until June 2022: Crowne Plaza)
Germany:	greet hotel, Darmstadt

Key figures that are typical for the sector are used to manage the hotels. These include GOP (gross operating profit, calculated according to the Uniform System of Accounts for the Lodging Industry) and NOP (net operating profit, which corresponds to the GOP less specific costs of ownership such as management fees, insurance, land tax, etc.). This is shown as gross income in the Hotels segment.

The Hotels segment is analysed according to the cost of sales method for purposes of internal Group reporting. The GOP contains all sales revenues, costs of materials and services, and personnel expenses that are directly related to the operation of the hotel. The NOP also contains the directly allocable costs of the owner.

Hotel revenue consists mainly of revenue for lodging and for food and beverages. The hotels are managed by external service providers; the management fee is generally calculated as a percentage of the revenues and of the GOP. The property costs include insurance and property taxes, among other expenses.

Other costs after NOP include personnel expenses for administrative staff as well as expenses of the owner of the hotel that are not directly attributable to the operation of the hotel.

### 2.2.3. Development and Services segment

The Development and Services segment contains development activities and other services, as well as the associated assets and liabilities including activities in the Group parent company. The revenues in this segment come either from the sale of developed properties or from development activities and services for third parties, and are subject to significant annual fluctuation. Properties operated under a different segment are reclassified into the Development and Services segment in the event of a sale.

During the reporting period, the segment assets included development properties and properties under construction in Poland, Russia, and Germany.

This business segment is primarily managed on the basis of sale transactions, and revenue, EBITDA, and the segment result according to IFRS are the most important metrics.

**CONSOLIDATED SEGMENT INFORMATION (in EUR '000)**

In “Segment overview – profit or loss for the period”, the segments are presented in accordance with their breakdown in the income statement and allocated to the consolidated result. Detailed information about the individual segments in terms of their scope and management criteria is presented in section 2.

in EUR '000	Investment Properties		Hotels	
	2022	2021	2022	2021
<b>SEGMENT OVERVIEW – PROFIT OR LOSS FOR THE PERIOD</b>				
Revenues	33,154	20,267	9,273	4,836
Expenses directly attributable to revenues	(6,355)	(5,283)	(7,457)	(4,061)
<b>Gross income from revenues</b>	<b>26,799</b>	<b>14,984</b>	<b>1,816</b>	<b>775</b>
Gains or losses from the disposal of properties	–	–	–	–
Other operating income	211	92	797	629
Administrative expenses	(2,492)	(630)	(438)	(247)
Other expenses	(1,667)	(308)	(136)	(15)
Group expenses/income	(1,598)	(1,264)	–	(1)
<b>Segment EBITDA</b>	<b>21,252</b>	<b>12,874</b>	<b>2,039</b>	<b>1,141</b>
Scheduled depreciation and amortisation on property, plant, and equipment	(96)	(9)	(1,670)	(1,295)
Scheduled depreciation on right-of-use assets	(14)	(71)	–	–
Impairment of property, plant, and equipment	–	–	(339)	–
Reversals of impairment on property, plant, and equipment	–	–	–	470
Measurement gains	55,837	2,796	–	–
Measurement losses	(11,227)	(4,900)	–	–
<b>Depreciation, amortisation, and remeasurement</b>	<b>44,499</b>	<b>(2,184)</b>	<b>(2,009)</b>	<b>(825)</b>
<b>Segment EBIT</b>	<b>65,751</b>	<b>10,690</b>	<b>30</b>	<b>316</b>
Finance income	149	346	–	–
Finance expenses	(8,471)	(6,553)	(1,085)	(780)
Changes in foreign exchange rates	(32)	–	4,325	1,008
Earnings from joint ventures	–	2,735	2,945	(4,520)
Group interest settlement	(3,016)	(2,178)	–	–
<b>Financial result</b>	<b>(11,370)</b>	<b>(5,649)</b>	<b>6,186</b>	<b>(4,292)</b>
Current income taxes	(1,168)	(541)	(231)	(109)
Deferred income taxes	(8,556)	(1,858)	330	(322)
<b>Income taxes</b>	<b>(9,724)</b>	<b>(2,399)</b>	<b>99</b>	<b>(431)</b>
<b>Segment overview – profit or loss for the period</b>	<b>44,657</b>	<b>2,641</b>	<b>6,314</b>	<b>(4,407)</b>

	Development and Services		Segment total as at 31 December	
	2022	2021	2022	2021
	2,709	1,618	<b>45,136</b>	26,720
	(2,288)	(1,253)	<b>(16,100)</b>	(10,597)
	<b>422</b>	<b>364</b>	<b>29,036</b>	<b>16,123</b>
	2,821	–	<b>2,821</b>	–
	366	5,770	<b>1,374</b>	6,490
	(11,192)	(6,445)	<b>(14,122)</b>	(7,322)
	(807)	(457)	<b>(2,611)</b>	(779)
	1,598	1,265	–	–
	<b>(6,793)</b>	<b>498</b>	<b>16,498</b>	<b>14,513</b>
	(290)	(222)	<b>(2,057)</b>	(1,527)
	(338)	(308)	<b>(351)</b>	(379)
	(475)	–	<b>(814)</b>	–
	–	–	–	470
	5,400	5,052	<b>61,236</b>	7,849
	(4,137)	(488)	<b>(15,365)</b>	(5,389)
	<b>159</b>	<b>4,033</b>	<b>42,649</b>	<b>1,025</b>
	<b>(6,633)</b>	<b>4,531</b>	<b>59,148</b>	<b>15,537</b>
	350	8,205	<b>500</b>	8,551
	(4,292)	(1,125)	<b>(13,847)</b>	(8,458)
	(408)	–	<b>3,885</b>	1,008
	(5)	71	<b>2,940</b>	(1,713)
	3,016	2,178	–	–
	<b>(1,338)</b>	<b>9,329</b>	<b>(6,522)</b>	<b>(613)</b>
	91	278	<b>(1,308)</b>	(372)
	(228)	(392)	<b>(8,454)</b>	(2,572)
	<b>(136)</b>	<b>(114)</b>	<b>(9,762)</b>	<b>(2,944)</b>
	<b>(8,108)</b>	<b>13,746</b>	<b>42,864</b>	<b>11,980</b>

## SEGMENT DISCLOSURES AT GROUP LEVEL (GEOGRAPHICAL)

	Investment Properties		Hotels		Development and Services		Group total	
	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
Composition of non-current assets in accordance with IFRS 8.33 (geographical):								
Austria	–	–	–	–	646	802	<b>646</b>	802
Poland	129,735	120,740	–	–	30,803	24,698	<b>160,538</b>	145,438
Russia	181,244	101,801	19,798	18,748	8,113	28,231	<b>209,156</b>	148,780
Germany	–	–	13,605	14,594	15,080	16,604	<b>28,685</b>	31,198
Hungary	25,855	35,014	–	–	38	30	<b>25,893</b>	35,044
<b>Total</b>	<b>336,835</b>	<b>257,555</b>	<b>33,403</b>	<b>33,343</b>	<b>54,680</b>	<b>70,364</b>	<b>424,918</b>	<b>361,262</b>

	2022	2021	2022	2021	2022	2021	2022	2021
Composition of revenues (geographical):								
Austria	–	–	–	–	91	16	<b>91</b>	16
Poland	8,066	7,267	–	–	2,562	1,117	<b>10,628</b>	8,383
Russia	22,625	10,223	5,761	3,947	10	436	<b>28,396</b>	14,606
Germany	–	–	3,512	888	–	–	<b>3,512</b>	888
Hungary	2,463	2,778	–	–	46	49	<b>2,509</b>	2,827
<b>Total</b>	<b>33,154</b>	<b>20,267</b>	<b>9,273</b>	<b>4,836</b>	<b>2,709</b>	<b>1,618</b>	<b>45,136</b>	<b>26,720</b>
Average number of employees	<b>15</b>	14	<b>94</b>	92	<b>51</b>	36	<b>160</b>	142
Average number of employees as per proportionate consolidation method	<b>15</b>	14	<b>172</b>	162	<b>51</b>	36	<b>238</b>	212

## [03] Basis for Preparation

### 3.1. Basis for preparation of the financial statements

The consolidated financial statements of Warimpex Finanz- und Beteiligungs AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The additional requirements of § 245a (1) UGB (Austrian Commercial Code) were also met.

As a general rule, the consolidated financial statements are prepared using the (amortised) historical cost of all assets. However, investment properties, derivative financial instruments (to the extent such instruments are held), and financial assets measured at fair value through other comprehensive income are stated at fair value.

The consolidated financial statements are based on the going concern principle.

The Group's reporting currency is the euro. The consolidated financial statements are presented in full thousands of euros except where otherwise indicated. Rounding differences may arise from the addition of rounded figures.

Financial statements of the Group member companies prepared in accordance with local accounting regulations are reconciled with IFRS and uniform Group accounting guidelines by the Group's accounting department in Vienna. All companies included in the consolidated financial statements prepare their financial statements as at 31 December.

All entities that are included in the consolidated financial statements are listed in section 4.1.1.

### 3.2. Changes in accounting policies and regulations

#### 3.2.1. New and amended standards and interpretations – first-time application

The following amendments to the international accounting regulations that must be applied starting on 1 January 2022 did not result in any direct changes/effects for the Group in the financial year:

Standard / interpretation	Content/ description	Initial application mandatory from start of financial year
IFRS 9	Fees in the 10 per cent Test for Derecognition	01.01.22
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	01.01.22
IFRS 3	Reference to the Conceptual Framework	01.01.22
IAS 16	Proceeds before Intended Use	01.01.22
IFRS 1	Subsidiary as First-time Adopter	01.01.22
IFRS 16	Lease Incentives	01.01.22
IAS 41	Taxation in Fair Value Measurements	01.01.22

#### 3.2.2. New and amended standards and interpretations – not yet applied

The following new or amended standards and interpretations were adopted by the EU after they were published by the International Accounting Standards Board (IASB) and therefore must be applied starting on the specified date (see section 3.2.2.1.):

Standard / interpretation	Content/ description	Initial application mandatory from start of financial year
IFRS 17	Insurance Contracts (including amendments from June 2020)	01.01.23*
IFRS 17	Initial Application of IFRS 17 and 9 – Comparative Information	01.01.23*
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	01.01.23*
IAS 1	Disclosure of Accounting Policies	01.01.23*
IAS 8	Definition of Accounting Estimates	01.01.23*

The following new or amended standards and interpretations have already been published by the IASB, but have not yet been adopted by the EU (see section 3.2.2.2.):

Standard/interpretation	Content/description	Initial application mandatory from start of financial year as per standard
IAS 1	Classification of Liabilities as Current or Non-current, Deferral of Effective Date, and Non-current Liabilities with Covenants	01.01.24
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	01.01.23*

\*) Based on the Group's current assessment, these amendments to the accounting regulations will have no impact or only a minor impact on the consolidated financial statements. Therefore, they are not explained in detail in the following. The assessment of the relevance of these amendments will be evaluated on a regular basis before the first-time application date and adapted if necessary.

Warimpex does not intend to apply the new or amended standards and interpretations listed above early.

### 3.2.2.1. New and amended standards and interpretations (adopted by the EU)

#### • IAS 8: Definition of Accounting Estimates

This amendment to IAS 1 replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendment clarifies that

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

The amendments are effective from 1 January 2023 and are to be applied prospectively. These amendments may have an effect on the consolidated financial statements in isolated cases in future.

### 3.2.2.2. New and amended standards and interpretations (not yet adopted by the EU)

#### • IAS 1: Classification of Liabilities as Current or Non-current, Deferral of Effective Date, and Non-current Liabilities with Covenants

This amendment clarifies that the classification of liabilities as current or non-current should solely be based on rights that exist as at the reporting date or conditions that must be complied with as at the reporting date. In addition, the concept of the set-

tlement of liabilities is defined in more detail. Settlement can refer to the transfer of cash, economic resources, or equity instruments. After the transfer of such (settlement), the liability is extinguished. Due to the COVID-19 pandemic, the mandatory – retrospective – first-time application was delayed to periods beginning on or after 1 January 2024. These clarifications are in line with the Group's accounting policies and are therefore not currently expected to lead to any changes in the future apart from more detailed disclosures in the notes.

### 3.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of Warimpex Finanz- und Beteiligungs AG and its direct and indirect subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies.

Subsidiaries are included in the consolidated financial statements by full consolidation from the acquisition date, which is the date when the Group obtains control of the subsidiary. They continue to be consolidated until the date that the Group's control of the company ceases.

Business combinations are accounted for according to the purchase method. All subsidiaries that have to be consolidated have been included in the consolidated financial statements (see section 4.1.). Please refer to the information in section 3.5. for details about the recognition of joint ventures.

### 3.4. Important accounting judgements and estimation uncertainty

In preparing the consolidated financial statements of the Group, it is necessary to estimate figures and make assumptions which influence the recording of assets and liabilities, the presentation of other obligations as at the reporting date, and the recognition of revenues and expenses during the period. The uncertainty that is associated with these estimates can result in material changes to the values of assets or liabilities in future periods.

The most important future-related assumptions and other sources of estimation uncertainties that existed as at the reporting date and which may constitute a source of considerable risk that substantial adjustments of the carrying amounts of balance sheet items will have to be made in the subsequent financial year are explained in detail below.

#### 3.4.1. Impact of the conflict in Ukraine

On 24 February 2022, Russian troops invaded Ukraine, thus starting an armed conflict that has resulted in significant eco-



conomic upheavals due to the international sanctions imposed against Russia as well as the reactions in Russia and will most likely continue to have an impact for some time. After falling substantially at the end of February, the rouble stabilised again starting in April 2022 and strengthened up until December 2022, including in annual comparison. The key interest rate in Russia, which had been hiked to 20 per cent at the end of February, had returned to 7.5 per cent as at the reporting date (31 December 2021: 8.5 per cent).

Through independent Russian subsidiaries, the Group owns properties in St. Petersburg (one hotel, three office properties, and one multi-use building) with a value of roughly EUR 209,156 thousand as at 31 December 2022. An office tower that was still in the building shell stage in 2021 was completed in the third quarter of 2022. The properties in St. Petersburg are fully occupied and make up roughly 49 per cent of the Group's property assets. The financing for these properties was arranged through Russian banks and is entirely denominated in roubles. Fixed interest rates or interest rate ceilings are defined in the credit agreements. Warimpex is represented in St. Petersburg by local employees working at local subsidiaries that manage the business operations in the country independent of Warimpex. The revenue attributable to Russia in the 2022 financial year came to EUR 28,396 thousand. Apart from capital injections completed in the past and liabilities for loans secured by mortgages, there are no financial links or ongoing business relationships between the Russian subsidiaries and the Group parent company or other Group companies. New projects are not planned in Russia at this time.

It is still possible to conduct operational activities (letting and hotel operations) in Russia without significant restrictions. After the withdrawal of the hotel manager, the InterContinental Hotel Group, from Russia in July 2022 and a rebranding, the hotel is being operated under the new name "Airportcity Plaza". A local subsidiary took over the management of the hotel. The hotel results remained stable after the change in the hotel's management.

Due to geopolitical uncertainties regarding the Russian economy, the property valuation as at the reporting date for the hotel in St. Petersburg is subject to a higher degree of estimation uncertainty than usual. Please refer to section 6.6. for details about the carrying amounts and remeasurement results.

As at the reporting date, there are bank deposits of Russian subsidiaries equivalent to EUR 5,726 thousand that the Group can only access to a limited extent due to the applicable restrictions on the movement of capital, as there are monthly limits per company for transfers from Russia to the EU. Warimpex assesses whether the requirements for control defined by IFRS

10 are still met for the Russian subsidiaries on each reporting date. At present, the Group concludes that the shareholder rights can still be exercised, so no changes to the scope of consolidation are necessary. The conflict in Ukraine is having an indirect impact through rising inflation and higher energy and construction costs, which also affect the Group. Depending on the duration of the conflict, other future financial or accounting effects on the consolidated financial statements cannot be ruled out.

The Group budget shows positive EBITDA (results of operating activities before finance income, taxes, depreciation, amortisation, and remeasurement) and sufficient liquidity for the 2023 financial year even in the event that the rouble exchange rate declines and/or in the event of the loss of the planned operating result from the Russian subsidiaries. Thus, the continued existence of the Company is not threatened by the conflict in Ukraine or the investments in Russia, so the going concern principle on which the consolidated financial statements are based is still fulfilled. Due to the volatile situation, the full scope of the economic effects caused by the international sanctions against Russia as well as Russia's counterreactions is difficult to predict, and the Management Board is monitoring the developments in coordination with the Supervisory Board on an ongoing basis.

#### 3.4.2. Impact of the COVID-19 pandemic

The COVID-19 pandemic impacted economic developments to a much lesser extent in 2022 than in the previous years. Following a new wave of infections in the spring of 2022, the situation with regard to the coronavirus largely normalised over the remainder of the year.

With the exception of the Hotels segment, no effects of the coronavirus pandemic were discernible during the reporting period. The hotels remained open throughout 2022, but continued to be impacted by revenue losses in the first half of the year. The lease agreement for the InterContinental hotel in Warsaw, which is leased and operated by a 50/50 joint venture, was adjusted with regard to the amount and extended (see section 9.1.3.).

The Group received coronavirus aid from the government in the 2022 financial year. These aid measures primarily consist of assistance from the interim aid IV package for the greet hotel in Darmstadt as well as short-time work aid and property tax reductions.

To the extent it is possible to assign the coronavirus aid to a specific item, it has been deducted from the relevant subsidised expenses in the consolidated financial statements (see section 3.16.). Subsidies for investments reduce the fixed as-

sets and are distributed over the estimated useful lives of the respective assets. The individual amounts for each item are listed in the table below.

Overview of coronavirus aid:

	Cross reference	2022	2021
Expenses from the operation of hotels (including short-time work aid)	6.2.	252	1,273
Other operating income	6.3.	101	602
Personnel expenses (including short-time work aid)	6.4.1.	10	377
Administrative expenses	6.4.2.	80	140
Other expenses	6.5.	21	42
Finance expenses	6.9.	41	263
Property, plant, and equipment	7.2.1.	–	80
		<b>504</b>	<b>2,778</b>

Receivables related to coronavirus aid measures amounted to EUR 348 thousand as at 31 December 2022 and EUR 910 thousand as at 31 December 2021 (see sections 7.4. and 7.6.).

A suspension of interest and redemption payments for loans was in effect in Hungary until October 2021. This regulation was utilised for a project loan, which resulted in a lower outflow of liquidity in the amount of EUR 120 thousand (interest) and EUR 214 thousand (redemption) in 2021.

The COVID-19 pandemic is also impacting the Group's liabilities, as described in section 9.1.3. Arbitration proceedings in connection with contractual bonds enforced by the contract partner were concluded during the reporting period (see section 9.1.1. Litigation).

### 3.4.3. Measurement of the fair value (IFRS 13)

The Group measures non-financial assets such as investment properties and certain financial instruments such as equity instruments and – if present – derivatives at their fair value on each reporting date. The fair value is the price that would be paid for the transfer of an asset or a liability in a transaction at arm's length terms on the reporting date. In measuring the fair value, it is assumed that the transaction will take place on the primary market or, when such a market does not exist, on the most advantageous market.

All assets and liabilities for which the fair value is measured or

that are reported in the consolidated financial statements are classified according to the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Measurement methods employing inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Measurement methods employing inputs other than quoted prices included within level 1 that are not observable for the asset or liability

#### 3.4.3.1. Valuation of property

Because of the importance of properties for the Group, the value of properties is generally determined by independent external experts with appropriate professional qualifications and current experience with the location and type of the property in question using recognised appraisal methods. The experts are selected by the Chief Financial Officer in coordination with the responsible project or asset managers. In the cases where there is a binding offer to buy a property or a purchase contract for a property, this is used for the valuation. This was not the case as at 31 December 2022.

The appraisal method used by the expert depends on the type of property. In this, developed properties that generate regular returns (hotels and office properties), properties under development, and undeveloped plots of land are treated differently.

Income-based appraisal methods (investment method or discounted cash flow method) are used to determine the fair value of developed properties. This corresponds to level 3 of the fair value hierarchy. Regardless of the appraisal method, planning uncertainties are accounted for by selecting an appropriate interest rate. Both the contracted rental revenue as at the reference date and the projected standard rental revenue after the expiration of leases are taken into account in the appraisal of office properties.

The residual value method is generally used for properties under development. For this, the fair value is first determined on the basis of the expected cash flows. The outstanding investment costs and an appropriate project profit for the developer are deducted from this. The development profit is calculated as a percentage of the investment costs, and covers the development risk, among other things.

The fair value of undeveloped properties (reserve properties) is determined using the comparative method, based on standard market prices per square metre.

The fair value determined by the experts is checked by the responsible project/asset manager with regard to the assumptions and input parameters applied by the expert as well as the changes compared with the previous valuation date and is approved for posting by the Chief Financial Officer.

#### Remeasurement results for investment properties:

Warimpex recognises its investment properties using the fair value model taking external appraisals into account. The remeasurement results that stem from the changes in the fair values are recognised through profit or loss.

Please see section 7.1. for information about the changes in investment properties, the valuation input parameters, and the associated sensitivity information. The gains/losses on remeasurement are shown in section 6.6.

#### Impairment of and reversal of impairments on hotel properties (see also sections 6.6. and 7.2.):

The Group generally recognises the hotel properties it operates itself as property, plant, and equipment and regularly reviews them for impairment. This requires the estimation of the recoverable amount. The recoverable amount is the higher of the value in use or fair value, less selling expenses. The recoverable amount of each property is determined on the basis of external appraisals.

Changes in the recoverable amount are recognised on the income statement as follows: impairments in their full amount and impairment reversals only up to the amortised cost of acquisition. The amortised cost of acquisition is the amount that would result after accounting for scheduled depreciation and amortisation without any impairment charges in prior years.

The recoverable amount depends heavily on the applied exit yield and the expected future cash inflows.

The impairment reversals and impairment charges are shown in section 6.6. Please see section 7.2. for information on the carrying amounts of these assets.

#### 3.4.3.2. Measurement of financial instruments

If the Group cannot measure the fair value of recognised financial instruments using listed prices on active markets, it is determined using measurement methods including the discounted cash flow approach. The inputs used in the valuation models that fall under level 3 of the hierarchy are based on observable market data to the greatest extent possible. If such data is not available, discretionary decisions have to be made by management. This discretion pertains to inputs such as liquidity risk, default risk, and volatility. When changes are made to the assumptions for these fac-

tors, this can have an effect on the recognised fair values of the financial instruments.

One equity instrument is measured at fair value in the consolidated statement of financial position as at the reporting date. Additional information is provided in section 7.7. Please refer to sections 3.6. and 8.1. for further information about financial instruments and fair values.

#### 3.4.4. Measurement of revenues

For the application of IFRS 15 (Revenue from Contracts with Customers), the Group made discretionary decisions for the measurement of the revenues in the Investment Properties segment pertaining to whether the Group is to be considered the principal or the agent when it comes to earnings from operating costs in connection with the letting of office space.

In consideration of the rise in energy prices since 2021, the Group recognises the earnings from operating costs that are charged to the tenant based on consumption without a markup, such as electricity and water, as transitory items, which reduce the corresponding expenses.

#### 3.4.5. Determination of the functional currency of foreign business operations

The functional currency of subsidiaries deviates from the local currency in some cases. In most cases, the rental revenue from office properties in the Group is denominated in euros – with the exception of Russia or agreements concluded with government entities. At hotels in the EU, the revenue is also primarily denominated in euros. The goods and services required for letting out office properties and for hotel operations are paid for in part in the local currency and in part in euros. Financing throughout the Group is generally conducted in euros. Applying the discretion permitted in IAS 21.12, the euro is defined as the functional currency for the subsidiaries whose revenue is denominated in euros. The functional currency of each subsidiary is shown in the overview of subsidiaries (section 4.1.1.).

#### 3.4.6. Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the loss carryforwards of unused tax credits can be utilised. The amount of deferred tax assets is determined at the discretion of the management based on the expected time of occurrence and the amount of future taxable income as well as future tax planning strategies.

Other deferred tax assets are only shown in the statement of financial position if tax budgeting for the individual taxable entity makes it appear probable that the deferrals can actually be utilised.

Further information is provided in section 6.11. Income taxes and section 7.5. Deferred taxes (tax assets and liabilities).

#### 3.4.7. Estimation uncertainties due to climate-related risks

Warimpex assesses climate-related risks on an ongoing basis (see item 8.2.5.). Due to the fact that the majority of the business activities are taxonomy-eligible, the Group anticipates that no need for material carrying amount adjustments stemming from climate-related risks will arise in the foreseeable future due to the fact that current climate-related aspects are already taken into account in property valuations and no balance-sheet risks beyond this have been identified.

### 3.5. Joint ventures and associates

Interests are qualified as joint ventures when an agreement is in place under which the contract partners that exercise joint control over the arrangement have rights to the net assets of the arrangement.

An associate is a company in which the Group holds a material interest, in which it can influence decisions, but in which it can exert no control over decision-making processes and in which decisions are not made jointly. In cases of doubt, interests of between 20 per cent and below 50 per cent are classified as associates.

The Group recognises its net investments in joint ventures (IFRS 11) and its interests in associates using the equity method.

The composition of and changes in the net investments in joint ventures and summarised financial information about the key joint ventures can be found in section 7.3.

### 3.6. Financial instruments

#### 3.6.1. Financial assets

In accordance with IFRS 9, financial assets are classified as follows upon initial recognition:

1. Measured at amortised cost
2. Measured at fair value through other comprehensive income
3. Measured at fair value through profit or loss

The classification is based on the Group's business model and the characteristics of the contractual cash flows. In each case, assets are recognised at their fair value upon initial recognition, taking the provisions of IFRS 9 into account. The transaction costs are also recognised except in the case of financial assets recognised at fair value through profit or loss.

#### Measured at amortised cost

Financial assets are recognised at amortised cost when the objective of the business model is to hold the asset in order to collect the contractual cash flows ("business model test") and the contractual terms give rise on specified dates to cash flows from payments of principal and interest ("cash flow characteristics test"). The objective of the Group's business model is to collect the contractual cash flows from payments of principal and in some cases interest, so the Group's financial assets are generally recognised at amortised cost. Interest revenue is to be calculated by applying the effective interest rate method to the gross carrying amount. There are exceptions for credit-impaired assets. In the event of

changes in contractual cash flows that do not result in derecognition, the gross carrying amount is recalculated and the difference compared with the previous gross carrying amount is recognised as a modification gain or modification loss.

#### Measured at fair value through other comprehensive income

Financial assets are recognised at fair value through other comprehensive income if the asset is either

1. an equity instrument that is not held for trading, or
2. a debt instrument in a hold to collect and sell business model with cash flows that are solely payments of principal and interest.

With regard to the equity instruments held within the Group, Warimpex has elected to recognise value changes in other comprehensive income. Later reclassification of cumulative value changes (recycling) is not permitted. Dividends from the equity instruments are recognised through profit or loss.

IFRS 9 stipulates that debt instruments in a hold to collect and sell business model that meet the conditions of the cash flow characteristics test must be measured at fair value through other comprehensive income. Value changes are not recognised through profit or loss, but are instead initially recognised in other comprehensive income. Later reclassification to the income statement (recycling) is permitted.

#### Measured at fair value through profit or loss

Derivatives and debt instruments that do not meet the conditions of the business model test and cash flow characteristics test described above – and thus are not measured at amortised cost or at fair value through other comprehensive income – must be recognised at fair value through profit or loss according to IFRS 9. Value changes are recognised in the income statement.

#### 3.6.2. Impairment of financial assets

The amount of the impairment and the recognised interest is determined in three stages in accordance with IFRS 9:

Stage 1: Expected losses in the amount of the present value of an expected 12-month loss must be measured upon initial recognition.

Stage 2: If there is a significant increase in the default risk, the risk provision must be increased to the amount of the expected full lifetime losses for the entire remaining term.

Stage 3: When there is objective evidence of impairment, interest revenue must be recognised on the basis of the net carrying amount, i.e. the carrying amount less risk provisions.

The Group applies the simplified approach for trade receivables and contract assets that do not contain a significant financing component. Under this approach, impairments must be recognised in the amount of the expected lifetime losses for the entire remaining term.

#### 3.6.3. Financial liabilities

When recognised for the first time, financial liabilities are either categorised as financial liabilities measured at amortised cost, as financial liabilities measured at fair value through profit or loss, or as derivative financial instruments in a hedging relationship.

Upon initial recognition, financial liabilities are recognised at fair value; financial liabilities that are recognised at amortised cost are recognised at their fair value less directly allocable transaction costs upon initial recognition.

#### Financial liabilities measured at amortised cost:

After initial recognition, financial liabilities are recognised at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the liabilities are derecognised, as well as through the amortisation process.

#### Financial liabilities measured at fair value through profit or loss:

The category of financial liabilities measured at fair value through profit or loss includes all derivative financial instruments with negative fair values (including separately recognised embedded derivatives) not held for hedging purposes. Gains and losses from financial liabilities that are recognised at fair value are recorded in the income statement.

#### Derivative financial instruments with hedging relationships:

The Group occasionally employs derivative financial instruments with hedging relationships (cash flow hedges). These serve to protect against the risk of fluctuations in cash flows associated with an asset or liability on the statement of financial position, for example loans subject to variable interest, a risk that may materialise related to a forecast transaction, or the currency risk associated with a firm off-balance-sheet commitment.

The Group did not hold any derivative financial instruments in a hedging relationship during the reporting period.

### 3.7. Leases

#### The Group as lessee:

According to IFRS 16, the Group recognises both a right-of-use asset on the assets side of the consolidated statement of financial position and the corresponding lease liability on the liabilities side for leases in which it is the lessee. There are exceptions from the recognition obligation for the capitalisation of short-term leases (with a [remaining] term of less than one year) and leases of low-value assets (up to roughly EUR 5,000). The Group has decided to apply these exceptions. When determining the useful life of the right-of-use asset, the Group assesses whether it is reasonably certain that an extension option will be exercised, taking into account the overall circumstances and, in particular, the economic incentives. The extension option is only taken into account when determining the useful life if it is reasonably certain that it will be exercised.

The first-time recognition of the right of use encompasses the following components: the initial measurement of the lease liability (present value of the lease payments), lease payments made before or at the beginning of the leasing arrangement, direct initial costs of the lessee, and any dismantling costs. Subsequently, the right of use is recognised at amortised cost pursuant to IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets (see section 7.2.1.). This does not include investment properties that are measured at fair value pursuant to IAS 40 (see section 7.1.1.). The Group is party to long-term lease agreements for plots of land (perpetual annuity) in connection with investment properties. Due to the application of IFRS 16, the rights of use from these lease agreements increase the previously determined fair value of the property, while the associated lease liabilities are presented on the liabilities side.

Lease liabilities are discounted using the rate implicit in the agreement and reduced by the lease payments. Interest expenses and variable lease payments that are not part of the lease liability are recognised through profit or loss in the income statement.

#### The Group as lessor:

Leases under which all material risks and benefits incidental to ownership of the leased item are not transferred from the Group to the lessee are classified as operating leases. The Group has concluded leases for the commercial letting of its investment properties (primarily office properties) and classified them as operating leases. According to IFRS 16.B33, income from land tax and insurance charged to tenants was assigned to rental revenue and not revenues in accordance with IFRS 15.

The Group has not concluded any leases as a lessor that meet the requirements for classification as finance leases.

### 3.8. Non-current assets/disposal groups held for sale

If disposal groups are classified as held for sale, all associated assets and liabilities are reclassified in accordance with IFRS 5. Non-current assets or disposal groups are classified as held for sale when the associated carrying amount is based primarily on a disposal transaction. It must be highly probable that the asset will be sold, and the asset or disposal group must be in an immediately saleable condition. Further criteria for classification as held for sale are related Management Board decisions, the initiation of a search for a buyer or the implementation of the associated plans, and expected sale within one year.

Non-current assets (or disposal groups) that are classified as held for sale are recognised at the lower of the carrying amount or the fair value less selling costs. Investment properties are still subject to the measurement rules of IAS 40, even when they have been classified as held for sale. For this reason, these properties are recognised at fair value, not taking the costs of disposal into account.

### 3.9. Foreign currency transactions and balances

The financial statements of foreign companies are translated into euros according to the functional currency concept. The functional currency for each entity within the Group is determined on the basis of the relevant criteria (see section 3.4.5.). The items contained in the financial statements of each entity are translated on the basis of the functional currency.

Where the transactions that are relevant in determining an entity's functional currency change, this will lead to a change in the functional currency of the respective entity. An overview of the functional currencies is presented in section 4.1.1.

#### Foreign currency transactions and balances:

Foreign currency transactions are translated into the functional currency by the Group member company at the valid spot rate on the date of the transaction. Monetary assets and liabilities in a foreign currency are translated into the functional currency on the reporting date using the valid spot rate on the reporting date.

When the respective local currency is not the functional currency for foreign businesses, current income and expenses are translated on the basis of monthly interim financial statements at the weighted average exchange rate for the respective month. Significant transactions are translated at the spot rate that is valid for the date of the transaction. All translation differences are recognised in profit or loss.

Non-monetary items measured at historical cost in a foreign currency are translated at the valid exchange rate on the date of the transaction.

**Translation of the financial statements of the entities included in the consolidated financial statements (foreign businesses):**

The assets and liabilities of the foreign subsidiaries are translated into euros at the valid rate on the reporting date. The income and expenses are translated at the spot rate on the date of the transaction, or at average rates for the purposes of simplification. All exchange differences that arise are recognised in other comprehensive income. Upon disposal of a foreign entity, the deferred cumulated amount related to the particular subsidiary previously recognised in other comprehensive income is transferred to the profit or loss statement. When settling internal monetary assets and debts within the Group, the translation difference is recognised through profit or loss so far as the difference is not a translation difference from monetary items that are part of the net investment in a foreign business. These are recognised in the other comprehensive income, and are transferred from equity to the profit or loss statement in the event that the net investment is sold.

**Exchange rates:**

The exchange rates that have been applied for all items that are translated at the closing rate as at the reporting date are as follows:

		31/12/2022	31/12/2021
Polish zloty	(PLN/EUR)	4,6899	4,5994
Hungarian forint	(HUF/EUR)	400,25	369,00
Russian rouble	(RUB/EUR)	75,6553	84,0695
Czech koruna	(CZK/EUR)	24,1150	n/a

**3.10. Investment properties**

The Group recognises investment properties at fair value according to IAS 40. Changes in the fair value result in measurement gains or losses that are recognised through profit or loss during the financial year.

Investment properties are classified as such when there is no intention to sell them or use them for Group purposes and they are held to generate rental revenue or value increases. The Group reclassified a reserve property from property, plant, and equipment to investment properties during the previous financial year (see section 7.2.1.).

Rent incentives (e.g. rent-free periods) and the initial costs of leases are deferred in accordance with the relevant IFRS regulations and recognised through profit or loss over the term of

the given lease. Such deferred items are recognised in the same way as additions to property and thus reduce the remeasurement result, while the release of these deferred items in the subsequent years increases the remeasurement result over the term. Where applicable, the value of investment properties is increased by rights of use from long-term lease agreements in connection with properties recognised in accordance with IAS 40 (see also section 3.7. on IFRS 16).

Investment properties are derecognised upon the sale of such properties or when no further continued use is possible or no future economic benefit is expected from their disposal. Gains or losses from the disposal of investment property are recognised through profit or loss at the time at which the property is disposed of or sold.

### 3.11. Property, plant, and equipment

Property, plant, and equipment that is eligible for depreciation is recognised at cost of acquisition or production less scheduled depreciation and impairment charges and plus any impairment reversals in accordance with IAS 16. Scheduled depreciation is applied on a straight-line basis and is calculated for the estimated useful lives of the assets. Where significant components of an item of property, plant, and equipment have different useful lives, depreciation is based on the useful lives of these components. Replacements that are capitalised are also written down over their estimated useful lives. The carrying amounts of property, plant, and equipment items are tested for impairment whenever there is evidence to indicate that the carrying amount of the asset is greater than its recoverable amount.

For accounting purposes, hotels are separated into their most significant components (land and rights equivalent to land, building fabric, heating facilities and other technical equipment, and fixtures) and depreciated individually. Please see section 7.2. in the notes for information about the useful lives.

Production costs of property, plant, and equipment developed by the Group contain direct expenses plus allocated material and production overheads. Borrowing costs are capitalised according to IAS 23 where they can be directly attributed to the project under development through specific project financing or loans from joint venture partners or shareholders, for example. These costs are also written down over the estimated useful economic lives of the respective assets.

A property, plant, and equipment item is derecognised upon its disposal or when no further economic benefit is expected from the continued use or disposal of the asset. The gains or losses associated with the derecognition of the asset are determined by calculating the difference between the net selling proceeds and the carrying amount of the asset and are recognised through profit or loss in the period in which the asset is derecognised.

### 3.12. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less from the time of acquisition.

### 3.13. Pensions and other employee benefits

Provisions for severance payments and long-term service bonuses for employees and members of the Management Board are primarily recognised for employees of Austrian Group companies, since employees in Poland, Hungary, Germany, and Russia are not entitled to similar benefits and local laws only provide for a very limited range of employee benefits.

The provisions are measured using the projected unit credit method. For this, the expected benefits to be paid are distributed according to the active time of the employee until retirement or until the last planned anniversary bonus payment. The provision amounts are determined on the reporting date by an external expert in the form of an actuarial opinion.

Actuarial valuation changes to provisions for severance benefits are recognised in other comprehensive income in the period in which they are incurred according to IAS 19. The interest component is taken into account in finance expenses. Provisions for pensions and other long-term employee benefits pertain solely to the Development and Services segment.

The pension agreements with the three Management Board members were amended in the 2021 financial year and must now be classified as a defined contribution plan rather than a defined benefit plan. As a result, both the receivable from the pension reimbursement insurance and the previous provisions for pension benefits were derecognised through profit or loss in 2021 and only the ongoing contributions to the pension insurance plan were recognised on the income statement from the effective date of the amended pension agreements (see sections 6.4.1. and 7.13.1.).

### 3.14. Revenue recognition

**Income recognition in accordance with IFRS 15:**

Pursuant to IFRS 15, revenue is recognised according to the following model:

1. Identification of the contract with a customer
2. Identification of the individual performance obligations in the contract
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations in the contract
5. Recognition of the revenue when the company satisfies a performance obligation (criterion: transfer of control)



The Group's revenues are recognised as follows:

*Hotels revenues:*

Revenue in the Hotels segment consists mainly of revenue for overnight stays (lodging) and revenue from the sale of food and beverages. For these types of performance obligations, revenue is recognised at a point in time. There are no customer loyalty programmes in place in the Group that have a material impact on the timing or the amount of the revenue recognition.

*Investment Properties revenues:*

The revenue in this segment is primarily made up of rental revenue as well as earnings from facility management and operating costs. When negotiating leases for office space, not only the rent but also the fees for operating costs and in some cases other services are generally agreed together in the contracts with the tenants. Discretionary decisions regarding the recognition of charged operating expenses are explained in section 3.4.4

IFRS 16 (Leases) stipulates that lease and non-lease components of a contract must be separated and the non-lease components must be recognised separately in accordance with IFRS 15. Therefore, rental revenue is recognised in accordance with IFRS 16 and other income from contracts with tenants in accordance with IFRS 15.

*Development and Services revenues:*

In the development segment, IFRS 15 stipulates the recognition of revenue over a period of time for properties that have already been sold but are still in development. Warimpex does not perform such services at this time. Property sales, which are generally recognised at a point in time as at the closing date, also fall under this business segment. Other customer contracts in the Development and Services segment are analysed individually according to the requirements of IFRS 15 and the revenues are recognised accordingly.

*Gains from the sale of subsidiaries (IFRS 10):*

Income is recognised when control of the subsidiary is lost in accordance with IAS 10.25. In the case of the sale of a subsidiary, the difference between the sale price and the net assets plus cumulated foreign currency translation differences recognised in other comprehensive income and the goodwill are recognised through profit or loss at the point that control is transferred.

**3.15. Deferred taxes**

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

The Group reviews the carrying amount of deferred income tax assets on each reporting date and does not recognise tax assets for which it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised. Unrecognised deferred tax assets are reassessed on each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be realised.

Income tax related to items recognised either in other comprehensive income or directly in equity are not included in the profit or loss for the period.

**3.16. Government assistance**

The Group received government assistance in connection with the coronavirus pandemic. It is recognised in the financial statements as soon as there is an appropriate degree of certainty regarding the fulfilment of the conditions associated with the assistance and the granting of the assistance. When the conditions are met, the Group recognises the assistance in the period for which the compensation for losses or the financial support is intended. Otherwise, appropriate information is provided.

Provided that it can be assigned to a specific item, Warimpex offsets the assistance against the subsidised expenses in the income statement. Subsidies for investments initially reduce the fixed assets and are written off through profit or loss over the estimated useful lives of the respective assets. Other subsidies are recognised on the income statement under other operating income.

## [04] Information about the Companies Included in the Consolidated Financial Statements

### 4.1. Information about consolidated subsidiaries

#### 4.1.1. Overview of subsidiaries

The following entities were fully consolidated in these financial statements:

Included subsidiaries	Domicile/ country	Voting rights share and equity interest		Share capital	Currency of capital	Functional currency*	Activity/ segment
		direct	indirect				
				in thousands			
<b>100% interests:</b>							
Grassi Hotelbeteiligungs- und Errichtungs GesmbH	A-Vienna	100%	–	2,943	EUR	EUR	DS
Grassi H1 Hotelbeteiligungs GmbH	A-Vienna	100%	–	35	EUR	EUR	DS
Warimpex Leasing GmbH	A-Vienna	100%	–	500	EUR	EUR	DS
Boyauville Invest GmbH	D-Munich	100%	–	25	EUR	EUR	H/DS
Boyauville Betriebs GmbH	D-Darmstadt	100%	–	25	EUR	EUR	H
Memos GmbH	D-Darmstadt	100%	–	25	EUR	EUR	DS
REVITÁL ZRT.	HU-Budapest	100%	–	220,500	HUF	HUF	DS
BÉCSINVESTOR Kft. <sup>3</sup>	HU-Budapest	100%	–	35,380	HUF	EUR	IP
ELSBET Kft.	HU-Budapest	100%	–	103,000	HUF	EUR	IP
Hamzsa-Office Kft. <sup>4</sup>	HU-Budapest	100%	–	15	HUF	EUR	DS
Warimpex Property HU 2 Kft.	HU-Budapest	100%	–	600	HUF	HUF	DS
WX Office Development sp. z o.o.	PL-Krakow	100%	–	50	PLN	PLN	DS
Multi Development sp. z o.o.	PL-Krakow	100%	–	50	PLN	PLN	DS
→ WX Office Innovation sp. z o.o.	PL-Krakow	3%	97%	496	PLN	EUR	IP / DS
Memos sp. z o.o.	PL-Krakow	100%	–	5	PLN	PLN	DS
Mogilska Office 3 sp. z o.o.	PL-Krakow	100%	–	5	PLN	PLN	DS
Mogilska Office 4 sp. z o.o.	PL-Krakow	100%	–	5	PLN	PLN	DS
Stelio sp. z o.o.	PL-Krakow	100%	–	5	PLN	PLN	DS
Hotel Rondo Krakow sp. z o.o.	PL-Krakow	100%	–	39,685	PLN	PLN	DS
Mogilska Office Development sp. z o.o.	PL-Krakow	100%	–	7,045	PLN	PLN	DS
→ Limonite Company sp. z o.o.	PL-Krakow	–	100%	8,035	PLN	PLN	DS
WX Office Development 2 sp. z o.o.	PL-Lódź	100%	–	150	PLN	EUR	DS
WX Finance CZ s.r.o. <sup>1</sup>	CZ-Prague	100%	–	1	CZK	EUR	IP
→ KONTAS sp. z o.o. <sup>5,6</sup>	PL-Krakow	–	100%	5	PLN	PLN	IP
WX Financing sp. z o.o. <sup>5</sup>	PL-Krakow	100%	–	5	PLN	PLN	DS
Warimpex Polska sp. z o.o.	PL-Warsaw	100%	–	2,000	PLN	PLN	DS
WX Krakow Holding S.A. <sup>3</sup>	LU-Luxembourg	100%	–	31	EUR	EUR	DS
WX Management Services sp. z o.o. Prozna Development SKA	PL-Warsaw	100%	–	50	PLN	PLN	DS
→ Le Palais Holding s. a r.l.	LU-Luxembourg	–	100%	13	EUR	EUR	DS
Kopernik Development sp. z o.o.	PL-Krakow	100%	–	25	PLN	PLN	DS
AO Avielen Parking	RU-St. Petersburg	100%	–	30	RUB	RUB	IP
AO Atmosfera	RU-St. Petersburg	100%	–	30	RUB	RUB	DS
OOO Fomalhaut	RU-St. Petersburg	100%	–	1,000	RUB	RUB	DS
AO Avielen A.G. <sup>7</sup>	RU-St. Petersburg	100%	–	370,001	RUB	RUB	H / IP / DS
OOO Aval Invest <sup>5</sup>	RU-St. Petersburg	100%	–	1,000	RUB	RUB	DS
→ AO Micos <sup>8</sup>	RU-St. Petersburg	–	100%	43	RUB	RUB	IP
<b>Non-controlling interests:</b>							
El Invest Sp. z o.o.	PL-Warsaw	81%	–	1,200	PLN	PLN	DS

Explanations:

H = Hotels segment

IP = Investment Properties segment

DS = Development and Services segment

→ These are indirect subsidiaries with the company specified above as the parent company.

\* Discretionary decisions on the functional currency are explained in section 3.4.5.

<sup>1</sup> These companies were acquired or founded during the financial year.

<sup>2</sup> These companies were liquidated during the financial year.

<sup>3</sup> These companies were liquidated in 2021.

<sup>4</sup> This company was sold during the financial year.

<sup>5</sup> These companies were acquired or founded in 2021.

<sup>6</sup> The shares in this company were transferred in an intragroup transaction during the financial year.

<sup>7</sup> The stake held in AO Avielen A.G. was increased from 90 per cent to 100 per cent in 2021.

<sup>8</sup> The interest in AO Micos that was previously recognised using the equity method was increased from 44.02 per cent to 100 per cent at the end of 2021 and was fully consolidated starting on 31 December 2021.

#### 4.1.2. Information about subsidiaries with non-controlling interests

The information about subsidiaries in which material non-controlling interests are held pertains to general information and summary financial information about each company. The financial information below shows the amounts before intragroup reconciliation. Dividends were not assigned to the non-controlling interests.

Overview of non-controlling interests:

Company	Domicile/country	Voting rights and capital share non-controlling interests		Profit/loss attributable to non-controlling interests		Total non-controlling interests	
		31/12/22	31/12/21	2022	2021	31/12/22	31/12/21
AO Avielen A.G. *)	RU-St. Petersburg	–	–	–	(269)	–	–
El Invest Sp. z o.o.	PL-Warsaw	19%	19%	25	(25)	125	105
<b>Total non-controlling interests</b>						<b>125</b>	<b>105</b>

\*) The Group acquired 10 per cent of the shares from the minority shareholder in December 2021, so there were no non-controlling interests in AO Avielen A.G. as at 31 December 2021 or 31 December 2022.

Summary financial information:

	AO Avielen A.G.	
	2022	2021
<b>Summary income statement:</b>		
Income	–	10,976
Expenses	–	(13,667)
<b>Profit or loss for the period</b>	<b>–</b>	<b>(2,691)</b>
<i>thereof attributable to shareholders of the parent</i>	–	(2,422)
<i>thereof attributable to non-controlling interests</i>	–	(269)
<b>Other comprehensive income</b>		
<i>thereof attributable to shareholders of the parent</i>	–	1,958
<i>thereof attributable to non-controlling interests</i>	–	218
<b>Profit/loss for the period</b>	<b>–</b>	<b>(515)</b>
<i>thereof attributable to shareholders of the parent</i>	–	(464)
<i>thereof attributable to non-controlling interests</i>	–	(52)
<b>Summary cash flow statement:</b>		
Net cash flows from operating activities	–	851
Net cash flows for investing activities	–	1,396
Net cash flows from financing activities	–	(1,625)
<b>Net change in cash and cash equivalents</b>	<b>–</b>	<b>623</b>

#### 4.1.3. Other disclosures

Nature and extent of material restrictions in connection with subsidiaries:

In some cases, subsidiaries are subject to contractual restrictions on the use of assets and the payment of interest and dividends to shareholders and on the repayment of shareholder

loans based on existing credit agreements. For information on the granting of mortgage collateral to lenders, please see the information about the carrying amounts of the assets in question in section 7.1. Investment properties and section 7.2. Property, plant, and equipment.

There are no restrictions based on protection rights of non-controlling interests in the Group.

## [05] Property Sales and Changes in the Scope of Consolidation

### 5.1. Disposal of shares and property

In June 2022, the company Hamzsa-Office Kft. was sold as the owner of B52 Office in Budapest.

Effects of property/interest sales on the consolidated financial statements as at 31 December 2022:

Consolidated statement of financial position:	Assets	Equity and liabilities
Investment properties	(9,949)	
Other receivables	(15)	
Cash and cash equivalents	(366)	
Deferred tax liabilities		252
Other non-current liabilities (discharged shareholder loans)		3,500
Other current liabilities		29
	<b>(10,330)</b>	<b>3,781</b>
<b>Carrying amount of the disposed net assets</b>	<b>(6,549)</b>	

Consolidated income statement:	2022
Agreed (net) purchase price for the properties/shares	9,427
Carrying amount of the proportionate net assets of the sold properties/companies	(6,549)
Directly allocable expenses in connection with the sale of interests and properties	(58)
<b>Net result</b>	<b>2,821</b>

Consolidated cash flow:	2022
Agreed (net) purchase price for the properties/shares	9,427
Purchase price for discharge of shareholder loans	3,500
less directly allocable expenses in connection with the sale of interests and properties	(58)
	<b>12,870</b>
less outflow of cash and cash equivalents	(366)
Payments received from the sale of properties and interests in the prior year	125
<b>Cash flow</b>	<b>12,629</b>

## 5.2. Changes in the scope of consolidation

The sale of Hamzsa-Office kft. in June 2022 (see section 5.1. above) led to a corresponding change in the scope of consolidation.

At the end of 2021, the Group acquired the remaining shares (55.98 per cent) of the former joint venture AO Micos, which is

the owner of the Jupiter office towers in St. Petersburg and lets out the properties (see also section 7.3.3.). The purchase was executed based on the Group's decision to hold full ownership of all properties at AIRPORTCITY St. Petersburg. Because the stake increased from 44.02 per cent to 100 per cent, AO Micos has been fully consolidated in the consolidated financial statements since 31 December 2021.

The transaction had the following direct effects on the consolidated financial statements as at 31 December 2021:

Balance sheet:	Addition in Group	Disposal – joint venture
Investment properties	47,112	
Other assets (loans)		(3,916)
Net investments in joint ventures		(6,109)
Trade and other receivables	223	(3)
Cash and cash equivalents	4,088	
Consolidated liabilities/receivables	(4,954)	1,328
Deferred tax liabilities	(241)	
Other non-current financial liabilities	(26,880)	561
Other current financial liabilities	(1,975)	
Trade and other payables	(3,495)	13
Non-current deferred income		1,861
Current deferred income		157
<b>Net capital</b>	<b>13,878</b>	<b>(6,109)</b>
<b>Acquired shares (55.98%)</b>	<b>7,769</b>	
Assumed shareholder loans		(3,626)
Consideration transferred for shareholder loans		1,366
<b>Liability from acquisition of shareholder loans (see item 7.10.3.)</b>		<b>(2,260)</b>
<b>Income statement:</b>		<b>2021</b>
Acquired shares (55.98%)		7,769
Less consideration transferred		(2,006)
<b>Gain from business combination</b>		<b>5,763</b>
<b>Cash flow:</b>		<b>2021</b>
Consideration transferred for shares		(2,006)
Consideration transferred for shareholder loans		(1,366)
Cash and cash equivalents acquired		4,088
<b>Cash flow from business combination</b>		<b>716</b>

The acquired assets and liabilities were measured at their fair value as at the time of acquisition. The disposal pertained to Group activities that were subsequently consolidated and had previously been recognised as business transactions with the former joint venture. Because it was recognised using the equity method, the equity previously held in the acquired company corresponded to the fair value as at the time of acquisition, so the remeasurement of the shares did not have an impact on earnings.

Please see section 4.1.1. for information about further changes in the scope of consolidation. During the financial year, only a company that does not constitute a business for the purposes of a business combination according to IFRS 3 was acquired.

## [06] Notes to the Consolidated Income Statement

### 6.1. Revenues

The revenues are broken down according to the business segments of the Group.

The following table breaks revenues down into revenues according to IFRS 15 and other revenues:

	Investment Properties	Hotels	Development and Services	Total
<b>Geographical composition in 2021:</b>				
Russia	2,019	3,947	436	6,402
Poland	1,610	–	1,113	2,723
Germany	–	752	–	752
Hungary	537	–	49	587
Austria	–	–	16	16
<b>Revenues according to IFRS 15</b>	<b>4,167</b>	<b>4,700</b>	<b>1,614</b>	<b>10,480</b>
Russia	8,203	–	–	8,203
Poland	5,656	–	4	5,660
Germany	–	136	–	136
Hungary	2,240	–	–	2,240
<b>Revenues according to IFRS 16 (rental revenue)</b>	<b>16,100</b>	<b>136</b>	<b>4</b>	<b>16,240</b>
<b>Total revenues</b>	<b>20,267</b>	<b>4,836</b>	<b>1,618</b>	<b>26,720</b>
<b>Geographical composition in 2022:</b>				
Russia	2,794	5,761	10	8,566
Poland	1,378	–	2,562	3,940
Germany	–	2,749	–	2,749
Hungary	362	–	46	408
Austria	–	–	91	91
<b>Revenues according to IFRS 15</b>	<b>4,534</b>	<b>8,510</b>	<b>2,709</b>	<b>15,753</b>
Russia	19,830	–	–	19,830
Poland	6,688	–	–	6,689
Germany	–	763	–	763
Hungary	2,102	–	–	2,102
<b>Revenues according to IFRS 16 (rental revenue)</b>	<b>28,620</b>	<b>763</b>	<b>–</b>	<b>29,383</b>
<b>Total revenues</b>	<b>33,154</b>	<b>9,273</b>	<b>2,709</b>	<b>45,136</b>

The revenue in the Development and Services segment includes revenue with joint ventures in the amount of EUR 20 thousand (2021: EUR 456 thousand).

**6.2. Expenses directly attributable to revenues**

	2022	2021
Composition of direct Hotels expenses:		
Expenses for materials and services rendered	(4,952)	(2,513)
Personnel expenses	(2,116)	(1,128)
Other expenses	(389)	(420)
	<b>(7,457)</b>	<b>(4,061)</b>

	2022	2021
Composition of direct Investment Properties expenses:		
Expenses for materials and services rendered	(4,271)	(4,235)
Personnel expenses	(203)	(51)
Other expenses	(1,881)	(997)
	<b>(6,355)</b>	<b>(5,283)</b>

	2022	2021
Composition of direct Development and Services expenses:		
Expenses for materials and services rendered	(2,224)	(1,110)
Personnel expenses	(63)	(65)
Other services	–	(78)
	<b>(2,288)</b>	<b>(1,253)</b>

**6.3. Other operating income**

	2022	2021
Composition:		
Income from business combinations	–	5,763
Coronavirus aid	101	602
Sundry	1,273	126
	<b>1,374</b>	<b>6,490</b>

The sundry other income includes income in connection with the termination of the hotel management agreement in St. Petersburg as well as income from the release of provisions for contractually agreed guarantees. The income from business combinations in 2021 pertains to the acquisition of shares at a price below the market value (see section 5.2.).

**6.4. Administrative expenses**

	2022	2021
Composition:		
Other personnel expenses	(9,451)	(4,541)
Other administrative expenses	(4,671)	(2,781)
	<b>(14,122)</b>	<b>(7,322)</b>

The individual components of the administrative expenses are explained in sections 6.4.1. and 6.4.2.

**6.4.1. Other personnel expenses**

	2022	2021
<b>Composition:</b>		
Wages and salaries	(10,712)	(6,375)
Ancillary wage and salary costs	(946)	(800)
Coronavirus aid	57	377
Expenses for posted employees	(30)	(171)
Expenses/income related to holiday, severance, pension, and anniversary bonus benefits	(202)	1,183
	<b>(11,834)</b>	<b>(5,785)</b>
Less personnel expenses directly attributable to revenues	2,383	1,244
<b>Other personnel expenses</b>	<b>(9,451)</b>	<b>(4,541)</b>

During the reporting period, the Group had an average of 160 (2021: 142) employees. Please see section 9.3.2.3. for information about directors' remuneration.

**6.4.2. Other administrative expenses**

	2022	2021
<b>Composition:</b>		
Administrative expenses	(1,799)	(1,118)
Coronavirus aid	80	140
Legal and consulting expenses	(2,063)	(1,059)
Supervisory Board remuneration	(166)	(146)
Other administration-related expenses	(723)	(599)
	<b>(4,671)</b>	<b>(2,781)</b>

Fees were paid to the Group financial auditor, Ernst & Young Wirtschaftsprüfungs GmbH, Vienna, for the financial year as follows: EUR 117 thousand (2021: EUR 130 thousand) for auditing services, and EUR 7 thousand (2021: EUR 24 thousand) for other services.

The remuneration of the Supervisory Board is explained in detail in section 9.3.2.4.

**6.5. Other expenses**

	2022	2021
<b>Composition:</b>		
Property costs	(2,683)	(1,649)
Coronavirus aid	21	42
Public relations, stock exchange listing, and sales	(405)	(382)
Non-deductible input taxes	(70)	(36)
Other taxes	(77)	–
Foreign exchange differences	(788)	(40)
Rental expenses for short-term leases	(24)	(30)
Rental expenses for low-value assets	(10)	(10)
Sundry other expenses	(841)	(168)
	<b>(4,877)</b>	<b>(2,273)</b>
Less administrative expenses directly attributable to revenues	2,266	1,494
<b>Other expenses</b>	<b>(2,611)</b>	<b>(779)</b>

Property costs consist of owner expenses such as maintenance, insurance premiums, and property taxes. The allocation to guarantee provisions in the prior year pertained to contractual guarantees (see also section 9.1.).



**6.6. Depreciation, amortisation, and remeasurement**

	2022	2021
<b>Composition:</b>		
Scheduled depreciation and amortisation on property, plant, and equipment	(2,057)	(1,527)
Scheduled depreciation on right-of-use assets	(351)	(379)
Impairment of property, plant, and equipment	(814)	–
Reversals of impairment on property, plant, and equipment	–	470
Measurement gains (from investment properties)	61,236	7,849
Measurement losses (from investment properties)	(15,365)	(5,389)
	<b>42,649</b>	<b>1,025</b>

The scheduled depreciation, impairments, and impairment reversals pertain to the property, plant, and equipment (primarily hotel properties) that are recognised at amortised cost according to IAS 16. Measurement gains and losses result from the changes in the fair values of the investment properties, which are recognised at fair value according to IAS 40.

External appraisals were obtained for hotel properties on the reporting date (see section 3.4.3.1.). These valuations are based on assumptions about the future development of earnings that reflect the prevailing market conditions on the reporting date.

**Impairments / reversals of impairment:**

The impairments in the reporting period pertain to the Hotels segment in the amount of minus EUR 814 thousand (2021: impairment reversal totalling EUR 470 thousand) and are the result of lower expected future earnings based on the current planning.

The recoverable amount of the hotels for which an impairment was recognised in the reporting period comes to EUR 19,694 thousand (2021: EUR 18,552 thousand).

**Gains/losses on remeasurement of investment property:**

The measurement gains were due to development projects, particularly the Avior Tower in St. Petersburg, which was completed in the reporting period and was fully occupied starting on 1 January 2023, as well as the construction progress on Mogilska 35 Office, which is still being built. In the Investment Properties segment, the measurement gains primarily relate to the Elsbet office building in Budapest and the Red Tower in Łódź due to higher expected rental revenue.

As in the prior year, the vast majority of the measurement losses in the Investment Properties segment pertain to a property in St. Petersburg due to an increase in the discount rate that could not be offset by higher expected income as well as the office properties in Poland due to higher discount rates. Measurement losses in the Development and Services segment resulted from higher expenses in Germany.

In the prior year, the measurement gains also pertained to the Avior Tower in St. Petersburg due to the construction progress and to the development properties in Darmstadt and Krakow due to an increase in land prices (Development and Services segment). In the Investment Properties segment, measurement gains were primarily generated in the prior year by office properties in Budapest and Łódź due to higher future rental revenues.

**6.7. Interest income**

	2022	2021
<b>Composition:</b>		
Interest received from loans to joint ventures	159	485
Other interest received	341	143
	<b>500</b>	<b>628</b>

The interest received from joint ventures pertains to the operating company of the InterContinental hotel in Warsaw and in the prior year also to AO Micos (see section 7.3.3.).

**6.8. Other finance income**

	2022	2021
<b>Composition:</b>		
Income from the derecognition of liabilities	–	7,191
Realised gains on derivative financial instruments	–	324
Unrealised gains on derivative financial instruments	–	407
	–	<b>7,923</b>

The income from the derecognition of liabilities in 2021 resulted from the purchase of shareholder loans from a (former) minority shareholder of AO Avielen A.G. at a price below the outstanding nominal value (see section 7.10.3.).

**6.9. Finance expenses**

	2022	2021
<b>Composition:</b>		
Loan interest	(11,407)	(6,221)
Coronavirus aid	41	263
Other finance expenses	(497)	(1,527)
Interest on loans from minority shareholders	(10)	(207)
Interest on bonds	(474)	(236)
Derecognition of capitalised loan deferrals	(34)	(317)
Interest on lease liabilities	(81)	(76)
Impairment of other loans	–	(122)
Unrealised losses on derivative financial instruments	(1,120)	–
Other	(266)	(13)
	<b>(13,847)</b>	<b>(8,458)</b>

Please see section 7.10.4. for information about the terms for interest-bearing financial liabilities. The derecognition of capitalised loan deferrals is a non-cash item and pertains to transaction costs to be distributed over the term as well as modification gains to be distributed over the term, which must be derecognised upon disposal of the given financial instrument (loan). The other finance expenses include lending commitment fees and transaction costs, costs from the assumption of financial liabilities, and other loan-related costs distributed over the respective terms using the effective interest rate method. Unrealised losses (2021: unrealised gains) on derivative financial instruments resulted from interest rate hedges in Russia.

**6.10. Foreign exchange rate changes in the financial result**

	2022	2021
<b>Composition:</b>		
Changes in foreign exchange rates		
from EUR financing (deviating functional currency)	4,325	1,008
Other foreign exchange rate changes in the financial result	(440)	–
	<b>3,885</b>	<b>1,008</b>

The changes in foreign exchange rates from EUR financing in the reporting period and in the prior year stem from the currency translation of a project loan at a Russian subsidiary, for which the functional currency is the local currency and the financing was denominated in euros until August 2022.

The translation differences of foreign currencies pursuant to IAS 21 totalled EUR 3,097 thousand (2021: EUR 2,010 thousand) in the reporting period. This amount consists of operating translation differences in the amount of minus EUR 788 thousand (2021: minus EUR 1.002 thousand), which are contained in other operating income, and translation differences in the financial result.

**6.11. Income taxes**

A reconciliation between income tax expense and the product of the profit for the period multiplied by the Group's domestic tax rate of 25 per cent (valid corporate income tax rate in Austria) for the reporting period and previous year is as follows:

Reconciliation of tax expenses:	2022	2021
<b>Consolidated income statement</b>		
Group earnings before taxes	52,626	14,924
Group earnings before income tax x 25% tax rate	(13,156)	(3,731)
± Changes in tax rates	556	(134)
± Other foreign tax rates	1,410	1,046
± Effects of tax-exempt results	4,561	1,646
± Permanent differences	(903)	(1,510)
± Expired loss carryforwards	(109)	(89)
± Effects of changes in the previous year	1,833	(7)
± Impairment of deferred tax assets	18	7
± Use of previously unrecognised tax assets	6	11
± Unused temporary differences	(3,825)	(1,931)
± Foreign withholding taxes and minimum corporate income taxes	14	635
± Effects of exchange rate fluctuations	(167)	1,113
<b>Taxes according to the income statement</b>	<b>(9,762)</b>	<b>(2,944)</b>
Effective tax rate	18.55%	19.73%
<b>Consolidated statement of comprehensive income</b>		
± Remeasurement of financial assets measured at fair value through other comprehensive income	–	(93)
± Allocation of other comprehensive income from joint ventures	–	(70)
± Effects of exchange rate fluctuations	804	(92)
<b>Taxes in other comprehensive income</b>	<b>804</b>	<b>(255)</b>

Of the income taxes incurred during the reporting period, an amount of EUR 56 thousand pertains to the prior year (excluding deferred taxes; 2021: EUR 7 thousand). In addition, there were effects due to changes in the prior year in Poland as a result of a change in the interpretation of tax regulations

In both the reporting period and the prior periods, no deferred tax liabilities were recognised for unremitted earnings of subsidiaries, since intragroup dividend distributions within the European Union are not taxed.

Deferred tax assets and liabilities are recognised for temporary differences associated with joint ventures and applied to the extent that these differences result in tax liability. Deferred tax assets and liabilities are recognised for all temporary differences associated with interests in subsidiaries within the scope of the outside basis differences.

The Group has loss carryforwards of EUR 197,288 thousand (2021: EUR 166,855 thousand) at its disposal. Of these tax loss carryforwards, EUR 69,392 thousand (2021: EUR 36,877 thousand) are offset against deferred tax liabilities; deferred taxes were recognised for tax loss carryforwards in the amount of EUR 8,328 thousand (2021: EUR 5,935 thousand) because these will be offset against taxable profits in the foreseeable future.

The tax loss carryforwards originated:

in Poland (can be carried forward for 5 years, tax rate 9–19%, 15% for SMEs)	26,019
in Hungary (can be carried forward for 5 years or until 2030 if they originated before 2015, tax rate 9%)	1,569
in Czechia (can be carried forward for 5 years, tax rate 19%)	210
in Russia (can be carried forward indefinitely starting in 2017, tax rate 20%)	106,310
in Austria (can be carried forward indefinitely, tax rate 25%, 2023: 24%, 2024: 23%)	54,473
in Germany (can be carried forward indefinitely, tax rate 15.83% or 31.72%)	8,707
	<b>197,288</b>

Recognised loss carryforwards in the amount of EUR 263 thousand will expire in the coming financial year. If these cannot be offset against taxable income in the coming financial year, the associated tax expenses will amount to EUR 49 thousand in the coming financial year.

No deferred tax claims were recognised for tax loss carryforwards in the amount of EUR 119,568 thousand (2021: EUR 124,044 thousand) because they may not be used against the taxable profits of other companies in the Group and arose in subsidiaries that have been generating losses for some time already.

No deferred taxes were recognised for deferred tax assets according to IAS 12.44 (outside basis differences) in the amount of EUR 106,742 thousand (2021: EUR 103,003 thousand) because the temporary differences are not expected to reverse in the foreseeable future.

No deferred taxes were recognised for deferred tax liabilities according to IAS 12.39 (outside basis differences) in the amount of EUR 89,948 thousand (2021: EUR 40,122 thousand) because the temporary differences are not expected to reverse in the foreseeable future, as this reversal is within the parent company's sphere of influence.

## [07] Notes to the Consolidated Statement of Financial Position

### 7.1. Investment properties

The Group measures investment properties at their fair value.

#### 7.1.1. Changes in and composition of investment properties

	Developed properties	Development properties	Reserve properties	Total
<b>Changes in 2021:</b>				
Carrying amounts at 1 January	206,746	28,280	16,311	251,337
Changes in the scope of consolidation	47,112	–	–	47,112
Additions/investments	1,939	14,765	537	17,241
Capitalised borrowing costs	–	499	–	499
Transfer of property, plant, and equipment	–	958	(189)	769
Reclassification of development property	–	584	(584)	–
Disposals	(522)	–	–	(522)
Net measurement result	(2,104)	2,555	2,009	2,460
Exchange adjustments	4,383	1,087	230	5,700
<b>Carrying amounts at 31 December</b>	<b>257,555</b>	<b>48,729</b>	<b>18,313</b>	<b>324,596</b>
<b>Changes in 2022:</b>				
Carrying amounts at 1 January	257,555	48,729	18,313	324,596
Changes in the scope of consolidation	(9,949)	–	–	(9,949)
Additions/investments	7,056	13,445	116	20,618
Capitalised borrowing costs	–	303	–	303
Transfer of property, plant, and equipment	–	542	–	542
Reclassification of development property	–	1,173	(1,173)	–
Reclassification after completion	29,450	(29,450)	–	–
Disposals	(935)	–	–	(935)
Net measurement result	44,609	1,266	(5)	45,871
Exchange adjustments	9,048	(3,479)	1,848	7,417
<b>Carrying amounts at 31 December</b>	<b>336,835</b>	<b>32,528</b>	<b>19,100</b>	<b>388,463</b>

The changes in the scope of consolidation in the reporting period pertain to the sale of the holding company of B52 Office in Budapest (see section 5.1.). The Group acquired a partially occupied office property in Łódź during the reporting period and initiated the refurbishment work. The investments in the development property segment primarily pertain to the completion of the Avior Tower in St. Petersburg as well as the construction progress at Mogilska 35 Office in Krakow. The reclassifications relate to property reserves in Russia and Darmstadt.

The developed properties contain right-of-use assets in the amount of EUR 926 thousand (2021: EUR 807 thousand); the development properties contain right-of-use assets in the amount of EUR 42 thousand (2021: EUR 22 thousand). During the reporting period, there were additions to the right-of-use assets pertaining to investment properties in the amount of EUR 120 thousand (2021: EUR 305 thousand). As in the prior year, no subsequent purchase costs were incurred.

The capitalised borrowing costs were based on a borrowing cost rate of roughly 3.5 per cent (2021: 10.9 per cent).

The change in the scope of consolidation in the prior year related to the addition of the Jupiter office towers in St. Peters-

burg (see section 5.2.). The investments for development properties in the prior year resulted from the construction progress at the Avior Tower in St. Petersburg as well as construction preparations and tenant adaptations in Krakow. The reclassifications pertained to reserve properties in Darmstadt due to new surveys in connection with the partitioning of plots of land (see section 7.2.1.).

#### 7.1.2. Result from investment properties

	2022	2021
Rental revenue	28,620	16,104
Income from charged operating expenses and other services	4,534	4,167
less income from properties let out on a short-term basis	–	(4)
less direct operating expenses	(6,355)	(5,283)
<b>Net rental income</b>	<b>26,799</b>	<b>14,984</b>

During the reporting period, material operating expenses that can be directly attributed to the investment properties and for which no rental revenue was generated amounted to EUR 1,512 thousand (2021: EUR 728 thousand).

### 7.1.3. Information on fair value, material inputs, and sensitivity

The carrying amounts of the investment properties correspond to their fair values. The properties are generally assessed every six months by external property valuers applying level 3 of the fair value hierarchy, i.e. using non-observable inputs (see also the information on discretionary decisions in section 3.4.3.1).

The valuation method and the measurement parameters (in-

puts) depend on the respective development stage of the property. In this, the Group differentiates between developed properties, development properties, and reserve properties.

The inputs presented below can influence each other. In particular, rising rents and falling yields (interest rates) increase the market value while falling rents and rising yields have a detrimental effect on the market value.

#### Developed properties:

Developed properties are valued based on the income they generate using the investment or DCF method.

Material inputs	2022		2021	
	Range	Weighted average	Range	Weighted average
Exit/reversion yield	6.25 – 14%	9.5%	6.1 – 10.5%	8.4%
Discount/equivalent yield	5.93 – 16%	11.2%	5.7 – 13.5%	9.3%
Estimated rent value (ERV)/m <sup>2</sup> /month in EUR	9.15 – 49.0	23.5	9.0 – 27.7	15.2

A change in the indicated inputs would result in the following changes in the fair values:

Sensitivity analysis 2021					
Change in the exit/ reversion yield by basis points	Change in the estimated rent value				
	-10%	-5%	0%	+5%	+10%
-100 bp	2%	6%	11%	15%	19%
-50 bp	-3%	1%	5%	9%	12%
0 bp	-7%	-4%	0%	4%	8%
50 bp	-11%	-7%	-4%	-1%	2%
100 bp	-14%	-11%	-8%	-5%	-1%

Sensitivity analysis 2022					
Change in the exit/ reversion yield by basis points	Change in the estimated rent value				
	-10%	-5%	0%	+5%	+10%
-100 bp	5%	8%	10%	13%	16%
-50 bp	0%	3%	5%	7%	9%
0 bp	-4%	-2%	0%	2%	4%
50 bp	-8%	-6%	-4%	-2%	0%
100 bp	-11%	-9%	-8%	-6%	-4%

**Development properties:**

Development properties are valued based on the income they generate using the residual value method.

Material inputs	2022		2021	
	Range	Weighted average	Range	Weighted average
Exit yield	6.2 – 7.1%	6.6%	3.9 – 10%	7.6%
Estimated rent value (ERV)/m <sup>2</sup> /month in EUR	13.7 – 16.0	14.7	12.0 – 23.7	17.6
Outstanding construction and development costs/m <sup>2</sup> in EUR	1,249-2,127	1,794	1,069-2,911	1,571
Developer's profit	20%	20%	15 – 20%	16%

A change in the indicated inputs would result in the following changes in the fair values:

Sensitivity analysis 2021					
Change in the exit yield by basis points	Change in the estimated rent value				
	-10%	-5%	0%	+5%	+10%
-100 bp	58%	78%	97%	117%	137%
-50 bp	8%	26%	44%	62%	80%
0 bp	-33%	-16%	0%	16%	33%
50 bp	-67%	-52%	-37%	-22%	-7%
100 bp	-97%	-83%	-69%	-55%	-41%

Sensitivity analysis 2022					
Change in the exit yield by basis points	Change in the estimated rent value				
	-10%	-5%	0%	+5%	+10%
-100 bp	12%	15%	19%	23%	26%
-50 bp	2%	5%	9%	12%	15%
0 bp	-6%	-3%	0%	3%	6%
50 bp	-13%	-10%	-7%	-5%	-2%
100 bp	-19%	-17%	-14%	-11%	-9%

Sensitivity analysis 2021					
Change in the developer's profit in percentage points	Change in the outstanding construction and development costs				
	-10%	-5%	0%	+5%	+10%
-10%	109%	85%	61%	36%	12%
-5%	81%	56%	30%	5%	-21%
0%	53%	27%	0%	-27%	-53%
5%	25%	-2%	-30%	-58%	-86%
10%	-3%	-32%	-60%	-89%	-118%

Sensitivity analysis 2022					
Change in the developer's profit in percentage points	Change in the outstanding construction and development costs				
	-10%	-5%	0%	+5%	+10%
-10%	94%	72%	50%	28%	6%
-5%	71%	48%	25%	2%	-21%
0%	48%	24%	0%	-24%	-48%
5%	25%	0%	-25%	-50%	-75%
10%	2%	-24%	-50%	-76%	-102%

**Reserve properties:**

The reserve properties are valued based on their market prices using the comparative method.

Material inputs	2022		2021	
	Range	Weighted average	Range	Weighted average
Market price/m <sup>2</sup> area in EUR	125-1,124	376	153-1,238	471

Sensitivity analysis	Change of assumption	Change in the result before taxes	
		2022	2021
Market price/m <sup>2</sup> area	+10%	1,759	1,390
Market price/m <sup>2</sup> area	+5%	880	695
Market price/m <sup>2</sup> area	-5%	-880	-695
Market price/m <sup>2</sup> area	-10%	-1,759	-1,390

Along with the property-specific input factors listed above, the exchange rate from the local currency to the Group currency of euros also has an impact on the value of properties indicated in euros. This particularly pertains to the Russian investment properties. These are financed through debt denominated in the local currency of roubles, so a weaker rouble results in lower property values and lower liabilities to banks after translation into euros. Conversely, a stronger rouble leads to higher property and loan values in euro terms. These types of translation differences do not affect the Group's profit or loss for the period, because they are recognised directly in equity through other comprehensive income. For additional details, please refer to the information about currency risk in section 8.2.2.



## 7.2. Property, plant, and equipment

### 7.2.1. Changes in and composition of property, plant, and equipment

	Hotels	Right-of-use assets	Other property, plant, and equipment	Total
<b>Changes in 2021:</b>				
Carrying amounts at 1 January	30,218	1,384	2,275	33,877
Additions	2,681	107	106	2,893
Disposals	–	(8)	–	(8)
IAS 16 remeasurement in conjunction with IAS 40 (reclassification)	586	–	–	586
Reclassification to investment properties	(769)	–	–	(769)
Scheduled depreciation and amortisation	(1,284)	(363)	(228)	(1,875)
Impairment reversals	470	–	–	470
Exchange adjustments	1,375	8	33	1,416
<b>Carrying amounts at 31 December</b>	<b>33,276</b>	<b>1,128</b>	<b>2,186</b>	<b>36,590</b>
<b>Composition as at 31/12/2021:</b>				
Acquisition or production cost	54,468	1,494	3,240	59,202
Cumulated write-downs	(21,192)	(366)	(1,054)	(22,612)
	<b>33,276</b>	<b>1,128</b>	<b>2,186</b>	<b>36,590</b>
<i>thereof pledged as senior collateral for interest-bearing loans (see section 7.10.3.)</i>				34,404

	Hotels	Right-of-use assets	Other property, plant, and equipment	Total
<b>Changes in 2022:</b>				
Carrying amounts at 1 January	33,276	1,128	2,186	36,590
Additions	951	123	347	1,421
Disposals	(68)	(15)	(25)	(107)
Reclassification to investment properties	(542)	–	–	(542)
Scheduled depreciation and amortisation	(2,140)	(345)	(384)	(2,869)
Impairment charges	(339)	–	–	(339)
Exchange adjustments	2,223	5	24	2,253
<b>Carrying amounts at 31 December</b>	<b>33,362</b>	<b>896</b>	<b>2,149</b>	<b>36,408</b>
<b>Composition as at 31/12/2022:</b>				
Acquisition or production cost	58,491	1,214	3,484	63,190
Cumulated write-downs	(25,129)	(318)	(1,335)	(26,782)
	<b>33,362</b>	<b>896</b>	<b>2,149</b>	<b>36,408</b>
<i>thereof pledged as senior collateral for interest-bearing loans (see section 7.10.3.)</i>				34,258

The hotels are recognised at the amortised cost of acquisition or production in accordance with the IFRS provisions.

The Group's uniform estimates for the assets' useful lives are applied as follows:

	2022	2021
Buildings (including finance leasing)	60 years	60 years
Hotel technical facilities	15 years	15 years
Hotel fixtures	7 years	7 years
Furniture and office equipment	7 years	7 years
Plant	20 years	20 years

The useful life of the right-of-use assets is oriented towards the contractual minimum lease term as well as any extension options, provided the likelihood that they will be exercised is deemed to be sufficiently high.

#### 7.2.2. Material inputs and sensitivity information

The amortised costs of the hotels and reserve properties are assessed on the basis of external appraisals to determine any im-

##### Hotels:

Material inputs	2022		2021	
	Range	Weighted average	Range	Weighted average
Exit yield	7.4 – 11%	9.10%	7 – 11%	8.90%
Discount rate	9.65 – 15%	12.20%	9.25 – 13.5%	11.25%
Expected cash flows (year one) in EUR '000/room	-0.4 – 4.0	1.7	-0.6 – 2.9	1.0

Sensitivity analysis	Change of assumption	Change in the result before taxes	
		2022	2021
Exit yield	+ 50 basis points	-579	-313
Exit yield	- 50 basis points	603	343
Discount rate	+ 50 basis points	-870	-568
Discount rate	- 50 basis points	346	592
Expected cash flows (year one)	+ 5%	983	884
Expected cash flows (year one)	- 5%	-889	-800

Along with the property-specific input factors listed above, the exchange rate from roubles to the Group currency of euros also has an impact on the value of the hotel property indicated in euros in the case of the hotel in St. Petersburg. A weaker rouble results in a lower property value after translation into eu-

The costs of acquisition and production of the hotels are broken down into building fabric, building technical systems, and fixtures and written down over the respective useful lives pursuant to IAS 16.43 (component approach).

The additions to the hotels pertain to the hotels in Darmstadt and St. Petersburg. Also in Darmstadt, space was reclassified from property, plant, and equipment to investment properties in the prior year due to new surveys and the partitioning of plots of land (see section 7.1.1.). Prior to this, the plots were measured at fair value through other comprehensive income in accordance with the IFRS provisions. The reclassification in the reporting period pertains to ongoing planning work.

Further information on the impairments and impairment reversals on property, plant, and equipment is provided in section 6.6.

pairment or the need for impairment reversal. The inputs used for this and the possible effects of changes in the most important inputs on earnings before taxes are shown below.

ros, while a stronger rouble leads to a higher property value in euro terms. These types of translation differences do not affect the Group's profit or loss for the period, because they are recognised directly in equity through other comprehensive income.

### 7.3. Joint ventures (equity method)

#### 7.3.1. Overview of joint ventures

The consolidated financial statements include the following companies that were recognised using the equity method in the reporting period and in the prior year:

Company	Domicile/country	Voting rights and capital share	Capital stock	Currency of capital	Functional currency	Segment
			in thousands			
UBX 1 Objekt Berlin Ges.m.b.H. iL	D-Munich	50%	25	EUR	EUR	DS
Sienna Hotel Sp. z o.o.	PL-Warsaw	50%	81,930	PLN	EUR	H
Lanzarota Investments Sp. z o.o. <sup>1</sup>	PL-Warsaw	50%	5	PLN	EUR	H
AO Micos <sup>2</sup>	RU-St. Petersburg	44.02%/100%	43	RUB	RUB	IP

Notes:

<sup>1</sup> The company was liquidated during the financial year.

<sup>2</sup> The stake held in AO Micos was increased from 44.02 per cent to 100 per cent at the end of 2021, and the company was subsequently fully consolidated (see section 5.2.).

### 7.3.2. Financial information about material joint ventures

The following information corresponds to the amounts in the IFRS annual financial statements of the joint ventures.

	Sienna Hotel Sp. z o.o. and Lanzarota Sp. z o.o.		AO Micos	
	31/12/22	31/12/21	31/12/22	31/12/21
<b>Summary balance sheet:</b>				
Non-current assets	79,137	69,146	–	–
Current assets	4,523	4,299	–	–
<b>Total assets</b>	<b>83,660</b>	<b>73,444</b>	–	–
<i>thereof cash and cash equivalents</i>	3,298	3,648	–	–
Equity	(3,105)	(10,880)	–	–
<i>thereof capital transactions</i>	–	–	–	–
Non-current liabilities	79,070	77,831	–	–
Current liabilities	7,696	6,493	–	–
<b>Total equity and liabilities</b>	<b>83,660</b>	<b>73,444</b>	–	–
<i>thereof non-current financial liabilities (IFRS 12)</i>	79,070	77,831	–	–
<i>thereof current financial liabilities (IFRS 12)</i>	3,587	4,685	–	–
	<b>2022</b>	2021	<b>2022</b>	2021
<b>Summary income statement:</b>				
Income	23,390	12,592	–	8,739
Expenses including remeasurement result	(15,615)	(26,815)	–	(2,525)
Profit or loss for the period	7,775	(14,224)	–	6,214
Other comprehensive income	–	–	–	709
<b>Net profit or loss for the period</b>	<b>7,775</b>	<b>(14,224)</b>	–	<b>6,923</b>
<b>Included in the profit or loss for the period:</b>				
Scheduled depreciation and amortisation	(5,174)	(5,159)	–	–
Interest income	30	–	–	130
Interest expenses	(3,180)	(3,328)	–	(2,677)
Income tax expenses (or income)	–	–	–	(1,572)
	<b>31/12/22</b>	31/12/21	<b>31/12/22</b>	31/12/21
<b>Reconciliation to carrying amount of the interest:</b>				
Net assets	(3,105)	(10,880)	–	–
Group interest	50%	50%	–	–
Proportionate net assets	(1,553)	(5,440)	–	–
Unallocated share of losses	1,553	5,440	–	–
<b>Net investment (carrying amount)</b>	–	–	–	–

**7.3.3. Information on joint ventures**

The following information pertains to the material joint ventures presented above:

**Sienna Hotel Sp. z o.o. and Lanzarote Investments Sp. z o.o.:**

Sienna Hotel Sp. z o.o. (formerly Lanzarote Investments Sp. z o.o. Sienna Hotel S.K.A.) leases the InterContinental hotel in Warsaw under an operating lease and runs the establishment. Lanzarote Investments Sp. z o.o. held a small stake in Lanzarote Investments Sp. z o.o. Sienna Hotel S.K.A. and engaged in no material business operations. It was liquidated during the financial year. As these companies were viewed together in the Group, they are depicted together here.

**AO Micos:**

The Group held a 44.02 per cent stake in AO Micos through the subsidiary AO Avielen A.G. until December 2021. Due to the articles of association, which stipulate that all material decisions must be made unanimously, the company had to be recognised as a joint venture, which was also recognised according to the equity method. Micos is the owner of the Jupiter 1 and 2 office towers in St. Petersburg and lets these properties out.

**7.3.4. Composition and development of joint ventures**

	Capital shares	Loans	Total
<b>Composition as at 31/12/2021:</b>			
Net investments	1,909	–	1,909
Cumulated earnings allocation (profit or loss for the period)	(1,494)	–	(1,494)
	<b>415</b>	<b>–</b>	<b>415</b>
<b>Composition as at 31/12/2022:</b>			
Net investments	1,909	–	1,909
Cumulated earnings allocations (profit or loss for the period)	(1,498)	–	(1,498)
	<b>410</b>	<b>–</b>	<b>410</b>

The net investments include shares in the joint ventures and loans extended to joint ventures that are not planned or likely to be repaid in the foreseeable future. Proportionate gains and losses are recognised as allocated results when they are covered by the net investment. Any impairment according to IAS 28.40 is also taken into account.

	2022	2021
<b>Development:</b>		
Carrying amounts at 1 January	415	5,077
Disposals	–	(6,109)
Extension (+) / repayment (-) of loans	(47)	(49)
Capitalised interest income from loans granted	47	49
Earnings allocation from profit/loss for the period	(5)	1,135
Earnings allocation from other comprehensive income	–	312
<b>Carrying amounts at 31 December</b>	<b>410</b>	<b>415</b>

**7.3.5. Other information about joint ventures**

The following table contains summarised financial information about the net investments in joint ventures. The amounts are adjusted for the Group's share.

	31/12/22	31/12/21
<b>Share of the assets and liabilities:</b>		
Non-current assets	35,843	34,573
Current assets	2,279	2,163
<b>Assets</b>	<b>38,123</b>	<b>36,736</b>
Proportionate equity	(1,142)	(5,025)
Non-current liabilities	35,387	38,507
Current liabilities	3,878	3,255
<b>Equity and liabilities</b>	<b>38,123</b>	<b>36,736</b>

	31/12/22	31/12/21
<b>Reconciliation to carrying amount:</b>		
Group shareholder loan	(1,142)	(5,025)
Unallocated share of losses	1,553	5,440
<b>Net investment in joint ventures (carrying amount)</b>	<b>410</b>	<b>415</b>

	31/12/22	31/12/21
<b>Aggregated disclosures about joint ventures that are individually immaterial:</b>		
Net investment in joint ventures (carrying amount)	410	415
Group share of the profit or loss for the period (going operations)	(5)	71
<b>Group share of net result for the period</b>	<b>(5)</b>	<b>71</b>

**Risks associated with shares in joint ventures:**

The guarantees and bonds entered into in connection with joint ventures are explained in section 9.1.3.

**7.4. Other assets**

	31/12/22	31/12/21
<b>Composition non-current:</b>		
Advance payments made	64	247
Deposits with banks pledged as collateral	696	1,078
Non-current receivables from tax authorities	669	557
Non-current purchase price claims	351	464
Other non-current financial assets	1	1
	<b>1,782</b>	<b>2,347</b>

The remaining financial assets listed above are neither overdue nor impaired.

The restricted accounts pledged as collateral for guarantees amount to EUR 696 thousand. The terms correspond to the standard terms for each contract partner. The restricted account pertains to a security account in connection with the rent guarantees for the InterContinental hotel in Warsaw.

**7.5. Deferred taxes (tax assets and liabilities)**

The deferred taxes break down and changed as follows:

	Available deferred tax assets		Thereof applied deferred tax assets	
	31/12/22	31/12/21	31/12/22	31/12/21
<b>Composition:</b>				
Differences in property, plant, and equipment and investment properties	650	391	252	202
Temporary differences in connection with shares	1,392	2,220	–	–
Measurement differences in the current assets	–	(6)	–	–
Differences in the tax treatment of pensions and other long-term employee benefits	478	584	191	180
Measurement differences in the liabilities and provisions	2,102	1,686	1,381	1,035
Capitalisation of tax loss carryforwards	42,137	35,912	13,563	10,455
	<b>46,758</b>	<b>40,787</b>	<b>15,387</b>	<b>11,872</b>
Offsetting with the same tax authority			(13,721)	(10,685)
			<b>1,666</b>	<b>1,187</b>

	Deferred tax liabilities	
	31/12/22	31/12/21
<b>Composition:</b>		
Differences in property, plant, and equipment and investment properties	(32,733)	(22,256)
Measurement differences in the current assets	(17)	(80)
Measurement differences in the liabilities and provisions	(802)	(304)
	<b>(33,552)</b>	<b>(22,640)</b>
Offsetting with the same tax authority	13,721	10,685
	<b>(19,831)</b>	<b>(11,955)</b>

	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
<b>Development:</b>				
As at 1 January	1,187	978	(11,955)	(8,679)
Changes in the scope of consolidation	–	–	252	(241)
Change recognised in other comprehensive income, thereof:	285	76	519	(331)
<i>Foreign currency translation</i>	285	76	519	(238)
<i>Remeasurement in connection with reclassification from IAS 16 to IAS 40</i>	–	–	–	(93)
Change recognised in profit or loss for the period	194	133	(8,647)	(2,705)
<b>As at 31 December</b>	<b>1,666</b>	<b>1,187</b>	<b>(19,831)</b>	<b>(11,955)</b>

Unrecognised deferred tax assets in connection with shares stem entirely from Austria and do not expire.

**7.6. Trade and other receivables (current)**

	31/12/22	31/12/21
<b>Composition:</b>		
Claims related to property and share sales	125	125
Trade receivables	894	888
Receivables due from joint ventures	6	6
Receivables due from related parties	–	23
<b>Subtotal of contract balances according to IFRS 15</b>	<b>1,025</b>	<b>1,042</b>
Receivables from tax authorities	1,527	2,531
Advance payments made	633	584
Receivables related to leases	425	195
Other current receivables and assets	172	147
Receivables related to coronavirus aid measures	348	910
Deferred expenses	742	264
	<b>4,873</b>	<b>5,673</b>

Please see section 3.4.2. for information about current receivables from coronavirus aid measures.

The maturity structure of trade receivables and rent receivables is as follows:

	31/12/22	31/12/21
<b>Composition:</b>		
Neither overdue nor bad debt provision made	935	805
30 days overdue, no bad debt provision made	139	187
60 days overdue, no bad debt provision made	65	62
90 days overdue, no bad debt provision made	52	6
120 days overdue, no bad debt provision made	21	17
>120 days overdue, no bad debt provision made	108	7
Impaired receivables	198	174
	<b>1,517</b>	<b>1,257</b>

The remaining current financial assets in this item are neither overdue nor impaired.

Trade receivables are non-interest-bearing and generally have terms of 10 to 90 days.



### 7.7. Financial assets measured at fair value through other comprehensive income

	31/12/22	31/12/21
Development:		
Carrying amount on 1 January	5,504	5,625
Remeasurement	(283)	(121)
<b>Carrying amount on 31 December</b>	<b>5,221</b>	<b>5,504</b>

This item pertains to a 9.88 per cent interest in Palais Hansen Immobilienentwicklung GmbH. The company owns the Kempinski hotel Palais Hansen. As there is no active market for this shareholding, its measurement is based primarily on a fair value calculated for the property using the discounted cash flow method, and was determined on the basis of an appraisal.

Further information about measurement, material inputs, and sensitivity can be found in sections 8.1.2. to 8.1.4.

### 7.8. Cash and cash equivalents

	31/12/22	31/12/21
Composition:		
Cash on hand	10	4
Bank balances	15,915	11,188
	<b>15,924</b>	<b>11,192</b>

This item consists of cash and cash equivalents.

The fair value of cash and cash equivalents corresponds to the carrying amount.

Please see section 3.4.1. (Impact of the conflict in Ukraine) for information about disposal restrictions for cash and cash equivalents in Russian subsidiaries.

## 7.9. Equity

### 7.9.1. Share capital, earnings per share

The Company's share capital is divided into 54,000,000 non-par-value shares and is fully paid up.

As in the prior year, the Company had purchased 1,939,280 treasury shares at an average price of EUR 1.54 per share at the

reporting date.

The weighted average number of shares in free float between 1 January and 31 December 2022 amounted to 52,060,720, as in the prior year.

	2022	2021
	Shares	Shares
<b>Breakdown of shares and potential shares:</b>		
Shares 1 January to 31 December	54,000,000	54,000,000
Less weighted treasury shares	-1,939,280	-1,939,280
<b>Weighted average number of shares</b>	<b>52,060,720</b>	<b>52,060,720</b>

	2022	2021
	EUR '000	EUR '000
<b>Earnings per share (based on the weighted average number of shares):</b>		
Profit or loss for the period allocable to the shareholders of the Group:		
undiluted = diluted	42,839	12,274
<b>Earnings per share undiluted = diluted (in EUR)</b>	<b>0.82</b>	<b>0.24</b>

As in the prior year, there were no potential approved shares from convertible bonds outstanding on the reporting date.

When calculating the undiluted earnings per share, the result attributable to the holders of shares in the parent company is divided by the weighted average number of shares in circulation during the reporting period. This also corresponds to the diluted earnings per share.

According to the Austrian Stock Corporation Act, the annual financial statements as at 31 December 2022 of the parent company Warimpex Finanz- und Beteiligungs AG, which have been prepared under the Austrian Commercial Code, provide the basis for the distribution of a dividend.

These annual financial statements report a profit for the 2022 financial year of EUR 16,292 thousand. Taking into account the profit carryforward, the net result for the period as at 31 December 2022 is a profit of EUR 9,567 thousand. This will be carried forward to the next accounting period.

### 7.9.2. Capital management

The equity reported in the consolidated financial statements is used for the purposes of capital management at the Group level. The primary objective of the Group's capital management policy is to ensure that the Group preserves a favourable equity ratio to support its business activities and maximise shareholder value.

The Group is not subject to capital requirements, either under its articles of association or under external regulations. Legal requirements only apply to the share capital and legal reserves, and are complied with in full.

The Group monitors its capital on the basis of its equity ratio, which should be between 20 per cent and 40 per cent.

The consolidated equity ratio was 37.4 per cent on the reporting date (2021: 32.1 per cent), and was within the target range.

	31/12/22	31/12/21
<b>Determining the consolidated equity ratio:</b>		
Equity	170,289	124,717
Borrowings	284,779	263,401
Equity and liabilities	455,068	388,118
<b>Equity ratio in %</b>	<b>37.4%</b>	<b>32.1%</b>

### 7.9.3 Reserves

The equity includes the following Group reserves:

#### Revaluation reserve:

The revaluation reserve includes remeasurement results from property, plant, and equipment before they were reclassified to investment properties.

#### Reserve for currency translation:

Cumulated exchange rate differences resulting from the translation of annual financial statements of subsidiaries operating with functional currencies other than the euro are reported in the reserve for currency translation.

#### IAS 19 reserve:

The IAS 19 reserve contains cumulated changes in the remeasurement of obligations to provide benefits after or related to the termination of the employment relationship according to IAS 19 that are reported in other comprehensive income. This reserve will not be reclassified into profit or loss in future periods.

The changes in the respective reserves and the analysis of the other comprehensive income per component of equity are as follows:

	Revaluation reserve	Reserve for currency translation	IAS 19 reserve	Total
<b>Changes in 2021:</b>				
As at 1 January	1,239	(16,819)	(2,117)	(17,697)
Changes in the scope of consolidation	–	(16)	–	(16)
Reclassification to IAS 19 reserve	–	–	1,364	1,364
Other comprehensive income	586	3,702	(466)	3,822
Other comprehensive income from joint ventures	–	281	–	281
(Deferred) taxes	(93)	(162)	–	(255)
Total other comprehensive income	493	3,821	(466)	3,848
<b>As at 31 December</b>	<b>1,732</b>	<b>(13,013)</b>	<b>(1,219)</b>	<b>(12,500)</b>
<b>Changes in 2022:</b>				
As at 1 January	1,732	(13,013)	(1,219)	(12,500)
Other comprehensive income	–	1,859	332	2,191
(Deferred) taxes	–	804	–	804
Total other comprehensive income	–	2,663	332	2,995
<b>As at 31 December</b>	<b>1,732</b>	<b>(10,351)</b>	<b>(886)</b>	<b>(9,505)</b>

The other comprehensive income allocable to non-controlling interests in the amount of minus EUR 4 thousand (2021: EUR 219 thousand) pertains to currency translation to which no deferred taxes apply, as in the prior year.

**7.10. Financial liabilities**

Financial liabilities contain interest-bearing liabilities – primarily bonds and loans from financial institutions or companies – that serve to cover the Group's financing needs. These do not correspond to the financial liabilities for the purposes of IAS 32, which are shown separately in section 8.1.1.

**7.10.1. Bonds**

	31/12/22	31/12/21
<b>Composition:</b>		
Bond 09/2018–09/2025	5,417	7,221
Bond 05/2022–05/2025	7,210	–
<i>thereof non-current</i>	10,785	5,360
<i>thereof current</i>	1,842	1,861

In September 2018, a bond with a nominal value of EUR 9,000 thousand (bond 09/2018–09/2025) was issued. The bond will be redeemed annually starting in September 2021 with an amount of EUR 1,800 thousand per year; the coupon is 2.79 per cent and is payable in arrears on an annual basis.

In May 2022, another fixed-rate bond was issued with a term until 05/2025. The repayment is due upon maturity, and the coupon is 6.3 per cent and is payable annually. The bond was issued to finance the purchase and refurbishment of the Red Tower office property in Łódź (see section 7.1.1.).

Proportionate transaction costs are taken into account using the effective interest rate method when recognising the bonds.

**7.10.2. Other financial liabilities (loans)**

	31/12/22	31/12/21
<b>Breakdown of non-current loans:</b>		
Project loans	196,065	187,885
Loans from non-controlling interests	228	173
Other loans	7,337	1,507
	<b>203,630</b>	<b>189,565</b>
<b>Breakdown of current loans:</b>		
Project loans	10,688	8,514
Overdraft and borrowing facilities	14,556	17,676
Other loans	1,333	995
	<b>26,577</b>	<b>27,185</b>
<b>Total loans</b>	<b>230,206</b>	<b>216,750</b>

Please see section 8.2.4. for information on the maturity of the project loans.

**7.10.3. Summary of liabilities arising from financing activities**

The change in and composition of liabilities arising from financing activities (interest-bearing financial liabilities), consisting of bonds (section 7.10.1.) and other financial liabilities (section 7.10.2.), can be broken down as follows:

	Project loans	Working capital loans	Bonds	Loans from minorities and others	Lease liabilities	Total
<b>Changes in 2021:</b>						
As at 1 January	138,639	17,629	9,026	10,902	1,926	178,122
Borrowing (cash flow)	79,936	728	–	–	–	80,664
Repayment (cash flow)	(53,266)	(681)	(1,800)	(1,947)	(230)	(57,924)
Change in accumulated interest	313	–	(5)	52	40	399
Changes in the scope of consolidation	28,856	–	–	(561)	–	28,295
Changes in foreign exchange rates	1,922	–	–	911	11	2,843
Other changes	–	–	–	(6,681)	416	(6,265)
<b>As at 31 December</b>	<b>196,399</b>	<b>17,676</b>	<b>7,221</b>	<b>2,675</b>	<b>2,163</b>	<b>226,134</b>
<i>thereof current (due &lt; 1 year)</i>	<i>8,514</i>	<i>17,676</i>	<i>1,861</i>	<i>995</i>	<i>314</i>	<i>29,360</i>
<i>thereof non-current (due &gt; 1 year)</i>	<i>187,885</i>	<i>–</i>	<i>5,360</i>	<i>1,680</i>	<i>1,849</i>	<i>196,774</i>
<b>Changes in 2022:</b>						
As at 1 January	196,399	17,676	7,221	2,675	2,163	226,134
Borrowing (cash flow)	32,814	1,122	7,700	6,557	–	48,194
Repayment (cash flow)	(27,343)	(4,242)	(1,800)	(910)	(349)	(34,644)
Change in accumulated interest	(362)	–	(494)	255	33	(569)
Changes in foreign exchange rates	5,245	–	–	320	(8)	5,557
Other changes	–	–	–	–	298	298
<b>As at 31 December</b>	<b>206,753</b>	<b>14,556</b>	<b>12,627</b>	<b>8,897</b>	<b>2,136</b>	<b>244,970</b>
<i>thereof current (due &lt; 1 year)</i>	<i>10,688</i>	<i>14,556</i>	<i>1,842</i>	<i>1,333</i>	<i>400</i>	<i>28,819</i>
<i>thereof non-current (due &gt; 1 year)</i>	<i>196,065</i>	<i>–</i>	<i>10,785</i>	<i>7,565</i>	<i>1,737</i>	<i>216,151</i>

Financial liabilities in a total amount of EUR 216,309 thousand (2021: EUR 204,849 thousand) are secured by mortgages on land and buildings. Of this, EUR 10,420 thousand (2021: EUR 13,083 thousand) pertain to property, plant, and equipment and EUR 164,283 thousand (2021: EUR 159,200 thousand) to investment properties.

The financing for the hotel in St. Petersburg was refinanced during the reporting period, and the loan currency was switched to roubles (contained in the loan and the repayment). Other borrowings pertain to the project loans for the construction of the Avior Tower and Mogilska 35 Office. Along with ongoing repayments and the refinancing, the project loan for Hamzsa Office was paid back in preparation for the sale (see section 5.1.).

In addition, the Group issued a bond with a three-year term for the purchase of the Red Tower office property in Łódź (see section 7.1.1.) as well as a promissory note with a two-year term.

The borrowing and repayments related to project loans in the prior year were primarily the result of the refinancing of a property in Łódź and a property in Budapest. In addition, funds were borrowed in 2021 for the construction of Avior Tower I in St. Petersburg as well as for the hotel renovation in Darmstadt. The changes in the scope of consolidation in the prior year pertained to the project loan for the Jupiter office towers in St. Petersburg as well as a loan that is now fully consolidated.

**7.10.4. Interest rate terms on financial liabilities**

	31/12/22	31/12/21
<b>Interest on financial liabilities:</b>		
thereof fixed rate	197,605	173,904
thereof variable rate	47,364	52,230
	<b>244,970</b>	<b>226,134</b>
<b>Per cent share:</b>		
thereof fixed rate	81%	77%
thereof variable rate	19%	23%

	2022	2021	
<b>Range of the variable interest for:</b>	<b>Base rate</b>	<b>Premium</b>	<b>Premium</b>
• Overdraft/borrowing facilities	3M EURIBOR	2.25 – 2.5%	2.25%
	3M LIBOR	n/a	2.50%
• Project loans	3M EURIBOR	2.25 – 2.6%	1.3 – 2.75%
	1M EURIBOR	1.3 – 2.75%	1.85%
	1M WIBOR	2.80%	2.80%
	Russian key rate	2.40%	2.40%

The ranges for the financial liabilities with fixed interest rates held at the reporting date are between 2 per cent and 12.1 per cent (2021: 2 per cent and 9.13 per cent).

Please see section 8.1.1. for information about the market values of interest-bearing financial liabilities.

**7.11. Derivative financial instruments**

In connection with the project financing for the Avior Tower in St. Petersburg, a floor/cap agreement was concluded which limits the interest rate risk for the term of the variable-rate loan until December 2023.

**7.12. Other non-current liabilities**

	31/12/22	31/12/21
<b>Composition:</b>		
Payables due to joint ventures	3,626	3,668
Security deposits received	3,113	2,398
Security deposits	1,669	1,205
	<b>8,408</b>	<b>7,271</b>

### 7.13. Provisions

The provisions pertain to pensions and other long-term employee benefits and other provisions. The provisions for pensions and other long-term employee benefits are non-current provisions.

#### 7.13.1. Provisions for pensions and other long-term employee benefits (section 3.13.)

	Voluntary pension benefit commitment	Entitlement to Severance benefits	Anniversary bonuses	Total
<b>Changes in 2021:</b>				
As at 1 January	2,363	2,190	148	4,700
Severance payments	–	(133)	–	(133)
Plan amendment	(2,363)	–	–	(2,363)
Service costs	–	62	12	74
<b>Change recognised in personnel expenses</b>	<b>(2,363)</b>	<b>(71)</b>	<b>12</b>	<b>(2,422)</b>
Actuarial gains or losses from changed financial assumptions		(84)	–	(84)
Other (restatements based on experience)		550	–	550
<b>Remeasurement recognised in other comprehensive income</b>		<b>466</b>	–	<b>466</b>
Interest expenses		9	1	11
<b>As at 31 December</b>		<b>2,593</b>	<b>161</b>	<b>2,754</b>
<b>Changes in 2022:</b>				
As at 1 January		2,593	161	2,754
Severance payments		(193)	–	(193)
Service costs		78	17	95
<b>Change recognised in personnel expenses</b>		<b>(115)</b>	<b>17</b>	<b>(98)</b>
Actuarial gains or losses from changed financial assumptions		(398)	–	(398)
Other (restatements based on experience)		65	–	65
<b>Remeasurement recognised in other comprehensive income</b>		<b>(332)</b>	–	<b>(332)</b>
Interest expenses		19	1	20
<b>As at 31 December</b>		<b>2,165</b>	<b>179</b>	<b>2,344</b>

Three members of the Management Board had been awarded binding pension plans on the reporting date. The pension agreements were amended in 2021 and thus classified as defined contribution plans instead of defined benefit plans as in the past. Therefore, there are no longer any provisions for pension benefits to be reported. The release of the provision is offset against the derecognition of the pension reimbursement insurance and presented in the personnel expenses for 2021. Details can be found in the transactions with Management Board members in section 9.3.2.3.

The remaining provisions are determined using the projected unit credit method. The salary increase is estimated at 4 per cent (2021: 2.75 per cent) for severance payments and for anniversary bonuses. The calculations are based on a discount rate of 3.75 per cent (2021: 0.8 per cent). As in the prior year, the calculation is based on the current version of AVÖ 2018-P für Angestellte. The average term of the obligations for severance payments is 9.5 years (2021: 10.6 years).

The following table shows the sensitivity of the net present values of the obligations in response to certain changes in the inputs that, based upon reasonable judgement, may in principle occur. All other variables remain constant.

Actuarial assumption	Possible change	Change in the net present value for severance payments
<b>Sensitivity analysis 2021</b>		
Discount rate	+1 percentage point	(249)
Discount rate	-1 percentage point	298
Salary increase	+0.5 percentage points	137
Salary increase	-0.5 percentage points	(127)
<b>Sensitivity analysis 2022</b>		
Discount rate	+1 percentage point	(182)
Discount rate	-1 percentage point	217
Salary increase	+0.5 percentage points	102
Salary increase	-0.5 percentage points	(95)

### 7.13.2. Other provisions

	Short-term	Long-term	Total
<b>Changes in 2021:</b>			
As at 1 January	2,241	–	2,241
Utilised	(195)	–	(195)
Additions	1,055	–	1,055
Releases	(159)	–	(159)
<b>As at 31 December</b>	<b>2,942</b>	<b>–</b>	<b>2,942</b>
<b>Changes in 2022:</b>			
As at 1 January	2,942	–	2,942
Utilised	(1,562)	–	(1,562)
Releases	(1,282)	–	(1,282)
<b>As at 31 December</b>	<b>98</b>	<b>–</b>	<b>98</b>

Provisions that had previously been formed in connection with potential claims related to guarantees provided by the Group were utilised or released during the reporting period (see section 9.1.).



**7.14. Trade and other payables**

	31/12/22	31/12/21
<b>Composition:</b>		
Trade liabilities	2,987	5,601
Other liabilities	1,828	2,151
Liabilities from acquisition of shareholder loans	–	1,750
Advance payments received – hotels	35	19
Advance payments received – other	703	586
Security deposits received	876	560
Security deposits	99	204
Liabilities to related parties	2,031	551
Payables due to joint ventures	489	473
	<b>9,048</b>	<b>11,894</b>

Other liabilities contain tax liabilities of EUR 856 thousand (2021: EUR 742 thousand), liabilities for social security contributions of EUR 108 thousand (2021: EUR 146 thousand), and accruals for unconsumed compensated absences of EUR 248 thousand (2021: EUR 373 thousand).

The advance payments received in the Hotels segment are classified as contract liabilities according to IFRS 15 and represent future performance obligations. At the beginning of the financial year, the Company had performance obligations pursuant to IFRS 15 in the amount of EUR 19 thousand, which were satisfied during the reporting period. The resulting revenues are included in the hotel revenues (see section 6.1.). At the end of the financial year, the Company had performance obligations in the amount of EUR 35 thousand that must be satisfied within one year.

For information on transactions with related parties including joint ventures, please refer to section 9.3.2.

Trade receivables are non-interest-bearing and generally have terms of 10 to 60 days. Current tax liabilities and liabilities for social security contributions are non-interest-bearing, except for late payment. These liabilities are generally due within 30 days. Other liabilities are non-interest-bearing.

## [08] Disclosures on Financial Instruments, Fair Value, and Financial Risk Management

### 8.1. Financial instruments and fair value (IFRS 7 and IFRS 13)

#### 8.1.1. Carrying amounts and fair values according to class and measurement category

The following shows the carrying amounts for financial instruments and for assets and liabilities that are measured at fair value, broken down by classes.

Measurement category as per IFRS 9 or other IFRS	IFRS 13 level	Carrying amount 31/12/22	Fair value 31/12/22	Carrying amount 31/12/21	Fair value 31/12/21	
<b>Assets – categories</b>						
IAS 40	Investment properties (developed)	3	336,835	336,835	257,555	257,555
IAS 40	Investment properties (in development)	3	51,628	51,628	67,042	67,042
FVTPL	Other financial assets – derivative	3	85	85	399	399
FAAC	Other financial assets		1,048	1,048	1,543	1,543
FVOCI	Financial assets measured at fair value through other comprehensive income	3	5,221	5,221	5,504	5,504
	Other non-current assets		39,264		39,071	
	<b>Total non-current assets</b>		<b>434,081</b>		<b>371,114</b>	
FAAC	Receivables		1,623	1,623	1,384	1,384
FAAC	Cash and cash equivalents		15,924	15,924	11,192	11,192
	Other current assets		3,439		4,428	
	<b>Total current assets (including IFRS 5)</b>		<b>20,986</b>		<b>17,004</b>	
	<b>Total assets</b>		<b>455,068</b>		<b>388,118</b>	
<b>Liabilities – classes</b>						
FLAC	Fixed-rate bonds	3	10,785	10,785	5,360	5,521
FLAC	Fixed-rate loans	3	173,151	150,852	152,539	154,583
FLAC	Variable-rate loans	3	30,478	33,032	37,026	37,489
FLAC	Lease liabilities		1,737	n/a	1,849	n/a
FLAC	Other non-current liabilities		6,020	6,020	5,466	5,466
	Other non-current liabilities		24,604		16,577	
	<b>Total non-current liabilities</b>		<b>246,775</b>		<b>218,817</b>	
FLAC	Fixed-rate bonds	3	1,842	1,779	1,861	1,879
FLAC	Fixed-rate loans	3	9,691	9,031	11,982	11,895
FLAC	Variable-rate loans	3	16,886	16,146	15,203	15,231
FLAC	Lease liabilities		400	n/a	314	n/a
FLAC	Other liabilities		7,098	7,098	10,029	10,029
	Other current liabilities		2,087		5,195	
	<b>Total current liabilities (including IFRS 5)</b>		<b>38,004</b>		<b>44,584</b>	
	<b>Total liabilities</b>		<b>284,779</b>		<b>263,401</b>	

		31/12/22	31/12/21
<b>Summary of carrying amounts by category for financial assets and liabilities:</b>			
FAAC	Financial assets at amortised cost	18,595	14,119
FVOCI	At fair value through other comprehensive income	5,221	5,504
FLAC	Financial liabilities at amortised cost	(258,088)	(241,629)
FVTPL	At fair value through profit or loss	85	399

**The fair values were determined as follows:**

The investment properties are recognised at fair value pursuant to IAS 40. The fair value is determined using the investment or DCF method, the residual value method, or the comparative method depending on the stage of development of the respective property (see also the information about material discretionary decisions and estimates in section 3.4.3.1.).

The fair value of the fixed-rate financial assets (fair value level 3) was determined in the same manner as the fair value of the financial liabilities. The carrying amounts of the cash and cash equivalents and of the current receivables and liabilities are almost identical with the fair values because of the short terms. The same applies to the other financial assets because of their interest rate structure.

Please see sections 7.7. and 8.1.3. for information about the measurement of the fair value of the financial assets measured at fair value through other comprehensive income.

The fair value for bonds and loans in level 3 of the fair value hierarchy was determined by discounting the future cash flows with the Group-specific interest rates for new financing as estimated on the reporting date, taking own credit risk into account.

The other derivatives pertain to interest rate caps and floors and are measured by the credit institutions with which the derivative transactions were concluded using recognised valuation models. The performance risk of the contract partners and the Group's own credit risk were deemed to be immaterial, and were therefore not taken into account separately.

**8.1.2. Reconciliation of level 3 measurement  
(recurring fair value measurement)**

The assets and liabilities that are subject to recurring fair value measurement changed as follows:

	2022	2021
<b>Changes in assets:</b>		
Carrying amounts at 1 January	330,500	256,962
Additions (including transfer of property, plant, and equipment)	31,611	67,285
Disposals	(10,284)	(37)
Gains/losses on remeasurement in profit or loss	36,020	686
Other comprehensive income	5,923	5,602
<b>Carrying amounts at 31 December</b>	<b>393,769</b>	<b>330,500</b>

The remeasurement result in the income statement pertains to investment properties, as in the prior year, and is included in the item Depreciation, amortisation, and remeasurement. As in the prior year, the remeasurement result in the other comprehensive income primarily pertains to the gains/losses on currency translation and, to a limited extent, changes in the value of financial assets measured at fair value through other comprehensive income. These are unrealised value changes in each case.

	2022	2021
<b>Changes in liabilities:</b>		
Carrying amounts at 1 January	–	320
Gains/losses on remeasurement in profit or loss	–	(320)
<b>Carrying amounts at 31 December</b>	<b>–</b>	<b>–</b>

The recurring fair value measurement pertains to an interest rate hedge (floor/cap) related to the project financing for the Avior Tower (see the information on derivative financial instruments in section 7.11.). The amount recognised in the income statement is an unrealised non-cash remeasurement result.

**8.1.3. Measurement methods and inputs (recurring fair value measurement)**

The following table shows the measurement method and input parameters relating to the recurring fair value measurement of financial instruments:

Level	Classes	Measurement method	Material inputs
3	Financial assets measured at fair value through other comprehensive income	Income-based	Cash flows, exit yield

No changes were made to the measurement methods in the reporting period.

The following is quantitative information about material, unobservable inputs that were used in the measurement of fair value.

Level	Classes	Material inputs	2021	2020
3	Financial assets measured at fair value through other comprehensive income	Exit yield	4.15%	3.50%
3	Financial assets measured at fair value through other comprehensive income	Cash flow (year one) in EUR '000	3,638	3,323

**8.1.4. Sensitivity analysis for changes in unobservable material inputs (recurring measurement)**

The following is quantitative information about material unobservable inputs that were used in the measurement of the fair value of financial instruments.

Level	Input	Change of assumption	Change in total comprehensive income before taxes	
			2022	2021
3	Financial assets measured at fair value through other comprehensive income:			
	Exit yield	+ 50 bp	-877	-1,027
	Exit yield	- 50 bp	1,097	1,347
	Cash flow (year one)	+ 5%	531	528
	Cash flow (year one)	- 5%	-531	-528

**8.1.5. Net results from financial instruments**

The following information pertains to the income and expense items and the gains and losses per measurement category as related to the financial instruments:

	Measurement categories according to IFRS 9				Total
	FVTPL	FAAC	FVOCI	FLAC	
<b>Financial year 2021:</b>					
Allocation/release of impairments		(1)			(1)
Interest and other financial revenue		628			628
Gain on derecognition of liabilities				7,191	7,191
Interest expenses				(8,458)	(8,458)
Unrealised remeasurement result	407				407
Realised remeasurement result	324				324
Result from exchange rate changes				1,008	1,008
<b>Profit or loss for the period</b>	<b>731</b>	<b>627</b>	<b>–</b>	<b>(259)</b>	<b>1,100</b>
Unrealised remeasurement result – equity			(121)		(121)
<b>Net result from consolidated statement of comprehensive income</b>	<b>731</b>	<b>627</b>	<b>(121)</b>	<b>(259)</b>	<b>979</b>
<b>Financial year 2022:</b>					
Allocation/release of impairments		(33)			(33)
Interest and other financial revenue		500			500
Interest expenses				(12,728)	(12,728)
Unrealised remeasurement result	(1,120)				(1,120)
Result from exchange rate changes				3,885	3,885
<b>Profit or loss for the period</b>	<b>(1,120)</b>	<b>466</b>	<b>–</b>	<b>(8,842)</b>	<b>(9,496)</b>
Unrealised remeasurement result – equity			(283)		(283)
<b>Net result from consolidated statement of comprehensive income</b>	<b>(1,120)</b>	<b>466</b>	<b>(283)</b>	<b>(8,842)</b>	<b>(9,779)</b>

All financial instruments that are measured at fair value through profit or loss are classified upon initial recognition.

Changes in the value of financial instruments measured at fair value through other comprehensive income (FVOCI) are reported in other comprehensive income without future reclassification to the income statement. The changes that occurred in the value of financial instruments measured at fair value through other comprehensive income (FVOCI) in the prior year also pertained to the other comprehensive income.

**8.2. Financial risk management**

In terms of financial risk management, the goal of the Group is to minimise risks to the greatest extent possible, taking the associated costs into account. A detailed description of the material financial risks to which the Group is exposed and the associated financial risk management (qualitative information on financial risks) can be found in the risk reporting section of the consolidated management report (Material Risks and Uncertainties to Which the Group is Exposed).

The following information is about the quantitative risks that relate to financial instruments.

**8.2.1. Interest rate risk**

The Group strives to maintain a risk-oriented relationship between fixed- and variable-rate financial liabilities.

On the reporting date, about 81 per cent (2021: 77 per cent) of the Group's debt obligations were fixed-rate obligations and are not subject to interest rate risk. Details about the interest rate terms for the variable-rate financial liabilities can be found in section 7.10.4.

**Sensitivity of interest rate changes:**

The following table shows the sensitivity of Group earnings before taxes to certain changes in material market interest rates that, based upon reasonable judgement, may in principle occur (owing to the impact of such changes on variable-rate loans). All other variables remain constant.

	Increase in basis points	Effect on the earnings before taxes	Reduction in basis points	Effect on the earnings before taxes
<b>2021</b>				
3M EURIBOR	+50	(254)	-50	254
<b>2022</b>				
3M EURIBOR	+50	(227)	-50	227

**Interest rate risk for financial liabilities:**

The following table shows the variable-rate financial liabilities of the Group that are subject to interest rate risk broken down by contractual maturity:

	2022	2023	2024	2025	2026	More than five years	Total
<b>31/12/2021:</b>							
Project loans	1,530	1,729	1,747	1,768	1,757	29,851	38,383
Borrowing/overdraft facilities	13,434	–	–	–	–	–	13,434
Other	413	–	–	–	–	–	413
	<b>15,377</b>	<b>1,729</b>	<b>1,747</b>	<b>1,768</b>	<b>1,757</b>	<b>29,851</b>	<b>52,230</b>
<b>31/12/2022:</b>							
Project loans	1,214	1,229	1,247	1,234	1,209	25,333	31,465
Borrowing/overdraft facilities	14,556	–	–	–	–	–	14,556
Other	471	–	–	–	–	–	471
	<b>16,241</b>	<b>1,229</b>	<b>1,247</b>	<b>1,234</b>	<b>1,209</b>	<b>25,333</b>	<b>46,491</b>

**8.2.2. Currency risk**

The currency structure of financial liabilities in the Group breaks down as follows:

	RUB	PLN	EUR	Total
<b>31/12/2021:</b>				
In foreign currencies	6,827,317	2,590		
In EUR	81,210	563	144,361	<b>226,134</b>
<b>31/12/2022:</b>				
In foreign currencies	6,641,026	2,245		
In EUR	87,780	479	156,711	<b>244,970</b>

**Sensitivity of consolidated earnings:**

The following table shows the sensitivity of the Group's earnings before taxes to certain changes in exchange rates that, based upon reasonable judgement, may occur for the respective currency versus the euro. All other variables remain constant.

	PLN	RUB	Total
<b>Sensitivity 2021:</b>			
Increase by 10%	(702)	(1,384)	(2,561)
Decrease by 10%	702	1,384	2,561
Increase by 20%		(2,767)	(2,767)
Decrease by 20%		2,767	2,767
Increase by 50%		(4,151)	(4,151)
Decrease by 50%		4,151	4,151
Increase by 100%		(8,302)	(8,302)
Decrease by 100%		8,302	8,302
<b>Sensitivity 2022:</b>			
Increase by 10%	(369)	–	(369)
Decrease by 10%	369	–	369

**Sensitivity of equity:**

The following table shows the sensitivity of the Group's equity to certain changes in exchange rates that, based upon reasonable judgement, may occur for the respective currency versus the euro. All other variables remain constant.

	PLN	Total
<b>Sensitivity 2021:</b>		
Increase by 10%	(96)	(96)
Decrease by 10%	96	96
<b>Sensitivity 2022:</b>		
Increase by 10%	(99)	(99)
Decrease by 10%	99	99

**8.2.3. Default risk**

Please refer to section 7.6. for quantitative information about default risk. This shows the impairments that were recognised and the maturity structure of the current receivables. The maximum default risk is limited to the carrying amount of the financial receivables. There is no evidence of impairment for the financial assets that are neither past due nor impaired.

In 2018, the Group began letting out smaller office spaces. This can lead to higher default risk for Warimpex if the creditworthiness of individual tenants fluctuates. So far, no noteworthy defaults have occurred in relation to the letting business. The Group continuously monitors this risk.

Overall, default risk is not seen as a core risk because of the business activities of the Group; impairment charges are recognised to the extent necessary.

**8.2.4. Liquidity risk**

The Group had current financial liabilities in the amount of EUR 35,917 thousand (2021: EUR 39,389 thousand) as at the reporting date. Of this, EUR 28,819 thousand (2021: EUR 29,360 thousand) pertain to current financial liabilities serving Group financing purposes.

The share of debt falling due within 12 months should not exceed 35 per cent of liabilities. On the reporting date, 13.3 per cent (2021: 16.6 per cent) of the liabilities were current.

The maturity structure of the Group's non-derivative financial liabilities was as shown below on the reporting date. The figures are stated on the basis of contractual, non-discounted payment obligations including interest payments.

Non-derivative financial liabilities:	Due within 1 year	1 to 5 years	More than 5 years	Total
Fixed-rate bonds	2,436	12,421	–	14,857
Fixed-rate project loans	18,293	79,740	138,837	236,869
Variable-rate project loans	4,866	9,271	30,017	44,154
Variable-rate borrowing/overdraft facilities	15,053	–	–	15,053
Lease liabilities	375	1,055	3,271	4,701
Other loans and borrowings	632	6,889	228	7,749
Trade and other payables	7,098	6,020	–	13,118
<b>Total</b>	<b>48,754</b>	<b>115,396</b>	<b>172,352</b>	<b>336,501</b>

**8.2.5. Climate-related risks**

Warimpex sees the sustainability of its properties as an important success factor and reinforces this with corresponding certifications for the majority of the property portfolio. In some cases, such certifications have already been issued and in other cases, the Company plans to pursue certification in the future. Nevertheless, the Company is exposed to climate-related risks.

In addition, there are risks in connection with the EU's Green Deal and the EU Taxonomy that is based on it, including the defined environmental targets. According to the EU Taxonomy, office properties are generally Taxonomy-eligible. An initial analysis shows that 96 per cent of the existing properties fall into the category of Taxonomy-eligible economic activity.

Climate-friendly construction and the climate-friendly operation of office properties or hotels can lead to higher construction and operating costs. There is a risk that these costs will not be able to be passed on to the tenants or guests or that lower proceeds will be generated in the event of a sale.

Nevertheless, there is a risk that the requirements for Taxonomy alignment will be met to a lesser extent in the future due to older existing properties and/or new technical standards. This could make it more expensive and/or more difficult to secure loans. In addition, the demand for properties that are not Taxonomy-aligned may decline among buyers or tenants, thus leading to a decrease in the value of such properties.



## [09] Other Disclosures

### 9.1. Other commitments, litigation, and contingencies

#### 9.1.1. Litigation

In the prior year, arbitration proceedings were initiated at the instigation of the contract partner in connection with the contractual guarantee provided by the Group to the buyer of the angelo hotel in Prague, and a ruling was issued during the reporting period. Based on the arbitration ruling, provisions that had been formed in this context were partially utilised and partially released to income.

#### 9.1.2. Contractual performance obligations (Investment Properties)

Before the reporting date, the Group committed to handing over rental spaces to tenants in Poland. In this context, Warimpex agreed to provide fit-out contributions for the future tenants in a total amount of EUR 480 thousand (2021: EUR 570 thousand).

#### 9.1.3. Contractual bonds and guarantees

The Group was subject to the following contractual bonds and guarantees on the reporting date:

	Maximum outstanding amount	
	2022	2021
Corporate guarantee and bank guarantee related to the leasing of the InterContinental hotel, Warsaw	4,252	4,666

Warimpex issued a corporate guarantee to the lessor of the InterContinental hotel in Warsaw, which is operated by a 50/50 joint venture. Due to the financial losses of the hotel caused by the pandemic, the hotel lease agreement and the terms of the corporate guarantee were changed once again during the reporting period. As a result, the guarantee was extended until 31 August 2040 (previously until 30 September 2039) and will be reduced to EUR 841 thousand (2021: EUR 1,377 thousand). There is also a bank guarantee in the amount of EUR 3,411 thousand with a term until October 2023, which has to be extended on an annual basis.

#### 9.1.4. Contingencies

At certain subsidiaries, there is a risk but not a major probability that the tax authority will assess certain circumstances differently than the Company in the event of a tax audit due to changes in administrative practice. As a result, there is a risk of an additional tax payment of up to EUR 1,284 thousand.

### 9.2. Information about leases

#### 9.2.1. Leases as the lessee

The disclosures required for leases according to IFRS 16 are either contained in the associated financial statement items or included in the notes and organised by topic. Below is an overview of the associated cross references in accordance with IFRS 16.52:

Disclosure in the notes	Cross reference
Description of the accounting methods	3.7.
Depreciation on right-of-use assets	7.2.1.
Interest expenses for lease liabilities	6.9.
Expenses for short-term leases	6.5.
Expenses for low-value leases	6.5.
Cash outflow for leases	7.10.3.
Additions and carrying amounts of right-of-use assets	7.1.1., 7.2.1
Maturity analysis for lease liabilities	8.2.4.
Variable lease payments, subleases, and sale and lease-back agreements	n/a

**9.2.2. Operating leases as lessor**

The Group is party to operating leases as lessor in relation to its let investment properties (particularly office buildings).

As at the reporting date, this pertained to the following properties:

- Erzsébet office towers, Budapest
- Car park for Erzsébet, Budapest (from 6/2021)
- Avior Tower, St. Petersburg (from 1/2023)
- Zeppelin office tower, St. Petersburg
- Bykovskaya multi-use building, St. Petersburg
- Jupiter office tower, St. Petersburg (fully consolidated from 1/2022)
- Mogilska 41 Office, Krakow
- Mogilska 43 Office, Krakow
- Ogródowa Office, Łódź
- Red Tower, Łódź
- Office space at Hotel Darmstadt

The existing leases result in the following maturity analysis for the minimum lease payments:

	Total	Thereof up to 1 year	Thereof 1 to 5 years	More than 5 years
Future minimum lease payments, non-cancellable as at 31 December 2021	117,189	27,377	82,343	7,469
Future minimum lease payments, non-cancellable as at 31 December 2022	224,363	36,110	121,207	67,046

### 9.3. Related party disclosures

#### 9.3.1. Overview of related parties

The following enterprises/persons are related parties to the Group and have the following business relations:

##### Amber Privatstiftung

A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178109a, Commercial Court Vienna), as at the reporting date holds 10.7 per cent of the shares in Warimpex Finanz- und Beteiligungs AG. Franz Jurkowitsch is the beneficiary.

##### Bocca Privatstiftung

A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178104v, Commercial Court Vienna), as at the reporting date holds 10.6 per cent of the shares in Warimpex Finanz- und Beteiligungs AG. Georg Folian is the beneficiary.

##### Ambo GmbH

A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 328097x, Commercial Court Vienna). Amber Privatstiftung and Bocca Privatstiftung each hold a 50 per cent stake in this company. Warimpex provides services to Ambo GmbH to a minor extent.

##### Georg Folian

Was Deputy Chairman of the Management Board of Warimpex Finanz- und Beteiligungs AG until 31 December 2017 and held 14.6 per cent of the shares in the Company on the reporting date.

#### Management Board:

The Management Board of Warimpex Finanz- und Beteiligungs AG is composed of the following members:

Name	Function	Stake in Warimpex Finanz- und Beteiligungs AG (direct):	Stake in Warimpex Finanz- und Beteiligungs AG (indirect as beneficiary):
Franz Jurkowitsch	Chairman	14.3%	10.7%
Daniel Folian	Deputy chairman	< 0.1%	n/a
Alexander Jurkowitsch	Member	0.6%	n/a
Florian Petrowsky	Member	< 0.1%	n/a

#### Supervisory Board:

The Supervisory Board of Warimpex Finanz- und Beteiligungs AG is composed of the following members:

Name	Function	Stake in Warimpex Finanz- und Beteiligungs AG:
Günter Korp	Chairman	< 0.1%
Thomas Aistleitner	Deputy chairman	0.0%
Harald Wengust	Member	0.5%
Gina Goëss	Member	0.0%
Hubert Staszewski	Member	0.0%

#### All subsidiaries and joint ventures:

Please refer to the information about subsidiaries in section 4. and to the information about joint ventures in section 7.3.

### 9.3.2. Related party transactions

#### 9.3.2.1. Transactions with Ambo GmbH

	2022	2021
Income from performance management	20	–
Receivable from Ambo GmbH as at 31 December	–	23

#### 9.3.2.2. Transactions with Georg Folian

	2022	2021
Consulting fee	(1)	(1)
Clerical activities for Mr Folian	17	16
	<b>16</b>	<b>14</b>
Receivables from Mr Folian as at 31 December	3	–

#### 9.3.2.3. Transactions with Management Board members

	2022	2021
Directors' remuneration 1 January to 31 December (without provisions)	3,057	1,675
Liabilities due to Management Board members as at 31 December	1,928	551

The directors' remuneration breaks down among the Management Board members as follows:

	2022	2021
Franz Jurkowitsch	993	533
Daniel Folian	688	381
Alexander Jurkowitsch	688	381
Florian Petrowsky	688	381
	<b>3,057</b>	<b>1,675</b>

The directors' remuneration breaks down as follows:

	2022	2021
Regular remuneration	1,129	1,123
Variable remuneration (bonus)	1,928	552
Current benefits	<b>3,057</b>	<b>1,675</b>

In addition, the following items were recognised for future entitlements of the Management Board members:

	2022	2021
Change in provision for severance payments	77	60
Pension reinsurance premiums	182	213

The variable remuneration (bonus) for the Management Board amounts to 4.5 per cent of the annual profit attributable to the shareholders of the parent.

Pension plans were in force for the Management Board members Daniel Folian, Alexander Jurkowitsch, and Florian Petrowsky on the reporting date. The associated agreements were amended in 2021 and must now be recognised as defined contribution pension plans. This eliminates the allocation of provisions.

The entitlement to the retirement pension is valid from the time the beneficiary reaches the age of 65 and corresponds to the amount of the pension benefits from the pension reinsurance insurance with a 20-year pension guarantee period from the start of the pension payments. Adjustments to the insurance premiums and profit sharing for the pension reinsurance increase the retirement pension. In the case of early retirement and collection of a permanent, legally stipulated pension, the beneficiary is eligible for an early retirement pension. Alternatively, the benefits can be transferred or settled via a lump-sum payment. The pension benefits vest three years after the original pension commitment in the event of termination without cause and after 15 years in the event of resignation.

Other termination entitlements are governed by the Austrian Salaried Employee Act (AngG).

In addition, the Group provided services to Franz Jurkowitsch in the amount of EUR 54 thousand following the approval of the Supervisory Board.

#### 9.3.2.4. Transactions with Supervisory Board members

	2022	2021
Supervisory Board remuneration	166	146
Fees paid to Supervisory Board members as at 31 December	106	111

The remuneration of the Supervisory Board breaks down among the Supervisory Board members as follows:

	2022	2021
Günter Korp	64.5	63.0
Thomas Aistleitner	48.0	42.0
Harald Wengust	23.3	19.5
Hubert Staszewski	15.0	15.0
Gina Goëss	15.0	6.0
	<b>165.8</b>	<b>145.5</b>

The Supervisory Board members' remuneration represents current liabilities.

Transactions with the members of the Supervisory Board all pertain solely to the parent company.

**9.3.2.5. Transactions with joint ventures**

	2022	2021
Income from transactions with joint ventures	226	941
Expenses from joint ventures	(132)	(156)
Receivables due from joint ventures as at 31 December	6	6
Liabilities to joint ventures as at 31 December	(4,114)	(4,141)

The income from transactions with joint ventures primarily pertains to the allocation of costs to joint ventures and interest received from joint ventures. The expenses are interest expenses. The liabilities to joint ventures include the non-current payable related to the allocation of a security account for a rent guarantee.

Please refer to section 9.1.3. for information about contractual bonds and guarantees issued for joint ventures.

**9.4. Events after the reporting date**

There are no significant events after the reporting date.

Vienna, 21 April 2023



**Franz Jurkowitsch**

Chairman of the  
Management Board



**Daniel Folian**

Deputy Chairman  
of the Management Board



**Alexander Jurkowitsch**

Member of the  
Management Board



**Florian Petrowsky**

Member of the  
Management Board

# Auditor's Report\*

## Report on the Consolidated Financial Statements

### Audit Opinion

We have audited the consolidated financial statements of **Warimpex Finanz- und Beteiligungs Aktiengesellschaft, Vienna,**

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2022 and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

### Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and 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 Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

- Valuation of investment property
- Valuation of property, plant and equipment
- Control of Russian subsidiaries

### Title

#### Valuation of investment property

### Risk

Warimpex Finanz- und Beteiligungs Aktiengesellschaft reports investment properties in the amount of TEUR 388,463 and a result from revaluation amounting to TEUR 45,872 in the consolidated financial statements as of December 31, 2022.

Investment properties are measured at fair value based on valuation reports from external valuation experts.

The valuation of investment properties is subject to material assumptions and estimates. The material risk for every individual property exists when determining assumptions and estimates such as the discount/capitalization rate and rental income and for investment properties under development the construction and development costs to completion and the developer's profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investment properties.

The respective disclosures relating to significant judgements, assumptions and estimates are shown in Section 3.4.3.1. and 7.1. in the consolidated financial statements.

\* This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

*Consideration in the audit*

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying property valuation process
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management, in particular regarding the external expert operating in Russia under a new company
- Assessment of the applied methods and the mathematical accuracy of selected valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount/capitalization rate, vacancy rate), if available by means of comparison with market data
- Check of certain input-data as included in the valuation reports with data of the underlying tenant agreements
- Assessment of appropriate note disclosures

*Title***Valuation of property, plant and equipment***Risk*

Warimpex Finanz- und Beteiligungs Aktiengesellschaft reports property, plant and equipment in the amount of TEUR 36,408 and a result from reversal of impairment amounting to TEUR 814 in the consolidated financial statements as of December 31, 2022. Property, plant and equipment mainly consists of two hotel properties.

For property, plant and equipment with a certain useful life it is necessary to assess at the end of each reporting period whether there is any indication that an asset may be impaired or whether impairments of prior periods have to be reversed. If such an indication exists, the entity shall estimate the recoverable amount of the asset.

The recoverable amount is determined using valuation reports by external valuation experts and are subject to material assumptions and estimates. The material risk exists when determining assumptions and estimates such as the discount/capitalization rate and future cash flows from hotel operation. A minor change in these assumptions and estimates can have a material impact on the valuation of property, plant and equipment.

The respective disclosures relating to property, plant and equipment and relating judgements, assumptions and estimates are shown in Section 3.4.1., 3.4.2., 3.4.3.1 and 7.2. in the consolidated financial statements.

*Consideration in the audit*

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying property valuation process
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management, in particular regarding the external expert operating in Russia under a new company
- Assessment of the applied methods and the mathematical accuracy as well as assessment of the plausibility of the underlying assumptions if available by means of comparison with market data
- Assessment of appropriate note disclosures

*Title***Control of Russian subsidiaries***Risk*

On 24 February 2022, Russian troops invaded Ukraine, thus starting a conflict that has resulted in significant economic upheavals due to the international sanctions imposed against Russia as well as the reactions in Russia and will most likely continue to have an impact for some time.

Regarding the changed or changing legal situation in Russia, the Group has examined whether it continues to control the Russian subsidiaries and should continue to fully consolidate them.

The main risk lies in management's assumption regarding control of the Russian subsidiaries. According to IFRS 10, a parent company must consolidate the subsidiaries it controls. Control exists when the Group is exposed to, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power over the investee. A change in this assumption leads to the deconsolidation of the Russian subsidiaries.

The respective disclosures relating to the main relating judgements, assumptions and estimates are shown in Section 3.4.1. in the consolidated financial statements.

#### *Addressing in the Scope of the Final audit*

To address this risk, we critically reviewed management's assumptions and performed the following audit procedures, among others:

- Enquiry of the full Management Board of Warimpex and the Russian component auditor regarding the ability to exercise power by directing the relevant activities of the individual Russian subsidiaries during the financial year and after the balance sheet date
- Assessment of the risk exposure to variable returns from Warimpex involvement by examining incoming payments from Russia as well as the power of disposition over the remaining liquidity on Russian bank accounts
- Assessment of whether the criteria for controlling the Russian subsidiaries under IFRS 10 are still met
- Assessment of appropriate note disclosures

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report and the annual financial report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial posi-

tion and the financial performance of the Group and for such internal controls as management determines are 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee 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 the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, 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 financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, 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 management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes pub-

lic disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

#### Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Regarding the consolidated non-financial statement contained in the group management report, it is our responsibility to examine whether it has been prepared, to read it and to evaluate whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

#### Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB and is consistent with the consolidated financial statements.

#### Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

**Additional information in accordance  
with article 10 EU regulation**

We were elected as auditor by the ordinary general meeting at May 10, 2022. We were appointed by the Supervisory Board on October 17, 2022. We are auditors without cease since 2007.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

**Responsible Austrian Certified Public Accountant**

The engagement partner is Mr. Erich Sorli, Certified Public Accountant.

Vienna, April 21, 2023

ERNST & YOUNG  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT M.B.H.

**Mag. Hans-Erich  
Sorli mp**  
Wirtschaftsprüfer  
Certified Public Accountant

**ppa Mag. Benedicte  
Maderthaler mp**  
Wirtschaftsprüferin  
Certified Public Accountant



InterContinental\*\*\*\*\*  
Warsaw, PL

# Supervisory Board Report

## Fundamental aspects

The Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft was regularly informed by the Management Board of all significant transactions, the development of business, the business and financial situation of the Group and its equity interests, and the outlook with regard to future developments in detailed verbal and written reports as well as at regular meetings during the 2022 financial year and properly fulfilled all of the duties and control functions required of it by law, the articles of association of the Company, and the terms of reference of the Supervisory Board. In particular, the Supervisory Board supervised the Management Board in the direction of the Company and ensured that the operations of the Company were managed properly. The Chairman of the Supervisory Board also maintained regular contact with the Chairman of the Management Board and his deputy, in particular to evaluate, discuss, and exchange ideas and information about the Company's strategic orientation, the future development of business, and the Company's risk management. One of the key topics at the Supervisory Board meetings during the 2022 financial year was the economic impact of the military conflict in Ukraine on the Company and its short- and medium-term development and the resulting strategic necessities. Discussions about the development of sales and earnings, liquidity forecasts, and the Company's financial position were also a regular and integral part of the Supervisory Board meetings.

The Company is committed to compliance with the Austrian Code of Corporate Governance (ACCG) as well as the Polish Best Practice for GPW Listed Companies 2021 (Best Practice). The Supervisory Board faithfully fulfilled the duties and responsibilities laid down in these codes in the interest of continuing and further developing the Company's responsible and sustainable corporate governance. The articles of association of the Company and the terms of reference of the Management Board and Supervisory Board are amended as needed to account for new legal requirements. Deviations from individual corporate governance rules defined in the ACCG or the Polish Best Practice relate to the Company's structure and/or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations. Mr Aistleitner, Mr Wengust, and Mr Korp were reappointed to the Supervisory Board at the Annual General Meeting on 19 May 2022.

A total of five Supervisory Board meetings were held in financial year 2022 (some in the form of face-to-face meetings and some in the form of videoconferences due to the legal restrictions related to COVID-19), at which the necessary resolutions were adopted in each case. To the extent necessary and permitted, individual resolutions of the Supervisory Board were adopted by

way of circular resolution. All members of the Supervisory Board fulfilled the minimum attendance requirements.

Among other matters, resolutions were adopted in connection with the sale of B52 Office in Budapest and the purchase of the Red Tower in Łódź including the associated financing. In addition, the terms of reference for the Management Board and Supervisory Board were amended and revised, a company car policy for the Management Board was adopted, and rules were defined for transactions between Management Board members/parties related to Management Board members and the Company.

The remuneration report was reviewed by the Company's Supervisory Board and approved in April 2023.

## Committees

The Supervisory Board has set up three permanent committees: the Audit Committee, the Project Committee, and the Personnel Committee. A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. The members of the committees are appointed for the duration of their tenure on the Supervisory Board. Each committee elects a chairman and a deputy chairman from among its members. An ad hoc committee can be formed if necessary. The resolutions that were adopted at the committee meetings were again discussed in detail at subsequent Supervisory Board meetings, and to the extent that these resolutions were preparatory or recommendatory in nature, they were executed by way of appropriate Supervisory Board resolutions.

## Audit Committee

In accordance with the law and the terms of reference of the Supervisory Board, the Supervisory Board has set up a permanent committee for reviewing and accepting the annual financial statements (approval of the consolidated financial statements), the proposal for the appropriation of profits, and the management report for the Company and the Group (Audit Committee). In addition to performing the other duties it is responsible for pursuant to the applicable stock corporation regulations, the Audit Committee reviewed the consolidated financial statements in cooperation with the auditor responsible for auditing the financial statements, issued a proposal on the selection of the independent auditor, and reported to the Supervisory Board on this. Mr Aistleitner chairs the Audit Committee and, like his deputy, Mr Korp, possesses special knowledge and practical experience in finance and accounting and in financial reporting (financial expert). Along with the chairman and the deputy chairman, one other member of the Supervisory Board who is independent according to the terms of reference of the Supervisory Board sits on the Audit Committee.

Two Audit Committee meetings were held in financial year 2022.

#### **Project Committee**

In accordance with its terms of reference, the Supervisory Board has set up a permanent committee (Project Committee) to monitor and approve transactions that are subject to approval pursuant to § 95 (5) AktG and the terms of reference of the Management Board, provided that the total transaction costs do not exceed EUR 50,000,000.00 (fifty million euros). When the total costs of the intended transaction exceed this limit, the transaction must be reviewed and approved by the Supervisory Board as a whole. The Project Committee is chaired by Supervisory Board member Harald Wengust. Two other members of the Supervisory Board who are independent according to the terms of reference of the Supervisory Board also sit on the Project Committee.

#### **Personnel Committee**

In accordance with its terms of reference, the Supervisory Board has formed a permanent committee that is responsible for personnel matters between the Company and the Management Board (remuneration, issue of proposals for the filling of vacant posts on the Management Board, and succession planning). The Personnel Committee is chaired by Supervisory Board Chairman Günter Korp. Two other members of the Supervisory Board who are independent according to the terms of reference of the Supervisory Board also sit on the Personnel Committee.

One Personnel Committee meeting was held during the 2022 financial year in relation to the reappointment of the Management Board members Franz Jurkowitsch and Daniel Folian.

#### **Annual and consolidated financial statements for 2022**

The annual financial statements, the management report, the consolidated financial statements, and the group management report for the year ended 31 December 2022 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The final result of this audit revealed no grounds for objection and the legal provisions were fully complied with, so that unqualified auditor's reports were issued.

The annual financial statements, the management report, the consolidated financial statements including the group management report (and the consolidated non-financial report), and the corporate governance report were reviewed by the Audit Committee after a comprehensive oral report by the auditor, and their acceptance was proposed to the Supervisory Board at its meeting on 21 April 2023. The Supervisory Board reviewed the annual financial statements including the management report, the consolidated financial statements including the group

management report (and the consolidated non-financial report), and the corporate governance report prepared by the Management Board and approved the annual financial statements. The Audit Committee also proposed to the Supervisory Board that Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. be appointed as the financial auditor for the Company and the Group for the financial year ending on 31 December 2023.

The Supervisory Board thanks the Management Board, the Company's managers, and all employees of Warimpex Group for their hard work and tremendous commitment during the financial year under particularly difficult circumstances due to the pandemic and the military conflict in Ukraine.

Due to its experienced Management Board and proven team, the Supervisory Board believes the Company is also well equipped for the medium- to long-term effects caused by the Ukraine crisis and wishes the Company continued success in the future.

Vienna, April 2023

**Günter Korp**  
Chairman of the Supervisory Board

## *Declaration by the Management Board*

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the Group as required by the applicable accounting standards and that the

group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 21 April 2023



**Franz Jurkowitsch**

*Chairman of the Management Board*

Responsibilities:

Strategy and corporate communication



**Daniel Folian**

*Deputy Chairman of the Management Board*

Responsibilities:

Finances and accounting,  
financial management, and investor relations



**Alexander Jurkowitsch**

*Member of the Management Board*

Responsibilities:

Planning, construction,  
information management, and IT



**Florian Petrowsky**

*Member of the Management Board*

Responsibilities:

Transaction management, organisation,  
human resources, and legal issues

# Financial Calendar

2023

**22 May 2023**

*Record date for the Annual General Meeting*

**30 May 2023**

*Publication of the results  
for the first quarter of 2023*

**1 June 2023**

*Annual General Meeting*

**30 August 2023**

*Publication of the results  
for the first half of 2023*

**29 November 2023**

*Publication of the results  
for the first three quarters of 2023*

## NOTES

In the interests of readability, we refrained from using gender-sensitive formulations. Statements referring to people are intended to be gender neutral.

We have compiled this report and checked the data with the greatest possible care. Nonetheless, rounding, typographical, or printing errors cannot be ruled out. The summation of rounded amounts and percentages may result in rounding differences. This report was prepared in German, English, and Polish. In cases of doubt, the German version is authoritative.

## PUBLICATION DETAILS

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