P3 Group S.àr.l.

Condensed Consolidated Interim Financial Statements

For the six-month period ended 30th June 2022

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BOARD OF MANAGERS' REPORT

- For the period 1 January 2022 to 30 June 2022 -

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

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

I. Interim financial statements

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

II. Activities and review of investment and development

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

In 2022, the Group acquired additional gross lettable area ("GLA") of 58.3 thousand sqm in Germany and Netherlands. We closed a forward funding deal in Netherlands and purchased land in Romania, Germany, Slovakia, Czech Republic and Poland. In March 2022, the Group signed a conditional agreement with a potential buyer on sale of 2 properties in Belgium. The Group expects to complete the transaction in the coming months.

III. Financing activities

The Group has funded its activities through a combination of external debt, equity and shareholder loans provided by its shareholder. External debt mainly consists of unsecured bonds and unsecured bank loans. According to the new financing strategy adopted in 2021, financing going forward will be non-recourse to the shareholder, but some outstanding bank loans entered into earlier remain, that are guaranteed by the shareholder.

- As described in detail as subsequent events in the 2021 annual financial statements, several financing related events took place in January 2022. Standard & Poor's published a BBB credit rating to the Group with stable outlook, a Green Financing Framework was published and a €5.0 billion Euro Medium Term Note ("EMTN") bond program was established and approved by Luxembourg Stock Exchange. The Group made its bond market debut with a successful €1.0 billion Green Bonds issuance.
- A €600 million guaranteed bank loan was paid before maturity in January 2022, and another €400 million guaranteed bank loan was repaid in May 2022 at maturity.
- Also, in May 2022 two new 5-year senior unsecured non-recourse bilateral term loans were signed: a €200 million loan with ING, and a €150 million loan with SMBC. Both loans are set at a floating rate but swapped to fixed rate with interest rate swaps.

The Group experienced no liquidity issues during the first half of 2022 and has a substantial liquidity buffer. The syndicated unsecured committed €750 million revolving credit facility ("RCF"), that was signed in December 2021, was fully undrawn as of 30 June 2022. The facility ensures substantial and flexible liquidity for the Group, as funds can be drawn at a very short notice.

The Group LTV as per the end of June 2022 stood at 44.5%, well below the financing policy target of <47.5%. No additional shareholder loans or equity was contributed by the shareholder in the first six months of 2022.

IV. Financial results

For the first six months in 2022, the Group generated net rental income of €168.9 million. The Group operating profit was €511.3 million and profit before tax was €441.5 million, primarily driven by an increase in the market value of investment properties and development land of €371.4 million, offset by financial costs of €69.8 million.

V. Property portfolio

As of 30 June 2022, the Group had 298 yielding assets and development land of 3.6 million sqm and an additional 10 assets under construction, all together valued at €8,191.6 million (including assets held for sale as per Note 5.17). The Group's yielding assets are diversified across 11 European countries comprising of 7.1 million sqm lettable space with further 317 thousand sqm under construction.

During the first six months in 2022, the Group completed 8 development projects adding an additional 464.6 thousand sqm to the portfolio and purchased additional 1 million sqm of land with 526 thousand sqm GLA potential in 5 countries.

With regards to the investment activity in 2022, the Group completed 2 asset acquisitions adding 58.3 thousand sqm to the portfolio and one forward funding deal which will add 42.8 thousand sqm after completion. No assets have been disposed so far this year.

VI. Research and development

The Group was not active in research and development.

VII. Purchase of own shares

The Group has not purchased any of its own shares within the reported period.

VIII. Summary and Outlook

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

IX. Risk management

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

Management of real estate market risks is one of the core competencies of the Group. Equally essential is the management of key financial risks. The Group's management of these risks is described in Note 7.

X. Subsequent events

Financing activities

In July 2022 a new a €300 million 5-year senior unsecured non-recourse bilateral term loan was signed with Bank of China. The loan was drawn in August 2022 and the Group entered into a swap for the full amount.

Acquisitions and Disposals of assets

In June 2022, the Group signed a conditional purchase agreement for 2 properties in Germany, which was completed in August 2022 with a transaction value of approximately €215 million.

Luxembourg, 22 September 2022

Mr. Frank Pörschke	Mr. Goh Kok Huat
Management Board member	Management Board member

To the Board of Managers of
P3 Group S.àr.l.
13-15, avenue de la Liberté
L-1930 Luxembourg
Luxembourg

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of P3 Group S.à r.l. (the "Company") and its subsidiaries (the "Group") which comprise the condensed consolidated interim statement of financial position as at 30 June 2022, and the condensed consolidated interim income statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 22 September 2022

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Bobbi Jean Breboneria

Partner

P3 Group S.àr.l.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended

In € thousand	Note	30 June 2022	30 June 2021
Rental income		172,004	159,209
Service charges		25,611	21,949
Gross rental revenue	**4.1**	**197,615**	**181,158**
Property operating expenses	4.2	(28,706)	(29,152)
Net rental income		**168,909**	**152,006**
Net gains from fair value adjustments on investment property	4.4	371,403	327,913
Disposal of investment property	4.5	45	490
Other income and expense, net	4.6	(267)	1,982
Administrative expenses	4.3	(25,956)	(22,529)
Depreciation and amortization		(2,868)	(2,447)
Operating profit		**511,266**	**457,415**
Financial income	4.7	13	24,749
Shareholder financing costs	4.8	(49,434)	(59,387)
External and other financial costs	4.8	(20,330)	(9,771)
Profit/(Loss) before tax		**441,515**	**413,005**
Current income tax expense	4.9	(6,494)	(11,499)
Deferred income tax expense	4.9	(78,273)	(74,356)
Profit/(Loss) for the period		**356,748**	**327,151**
Other comprehensive income which will be subsequently reclassified to profit or loss:			
Hedge accounting	5.11	1,351	-
Foreign currency translation adjustment		(504)	21,083
Total comprehensive income for the period		**357,595**	**348,234**
Profit/(Loss) attributable to:			
Non-controlling interests		274	919
Owners of the Group		356,474	326,232
Profit/(Loss) for the period		**356,748**	**327,151**
Other comprehensive income attributable to:			
Non-controlling interests		-	
Owners of the Group		847	21,083
Other comprehensive income for the period		**847**	**21,083**

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

The condensed consolidated interim financial statements were approved by the Board of Managers on the 22 September 2022 and were signed on their behalf by:

Mr. Frank Pörschke

Management Board member

Mr. Goh Kok Huat

Management Board member

P3 Group S.àr.l.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

In € thousand	Note	30 June 2022	31 December 2021
Assets			
Investment property	5.1	7,827,519	6,912,578
Investment property under construction	5.2	214,713	462,510
Property, plant and equipment		2,095	2,132
Right-of-use assets		5,942	5,017
Intangible assets		5,052	5,575
Derivative financial instruments	5.4	11,268	-
Deferred tax assets		14,360	13,384
Non-current restricted cash	5.10	2,860	2,297
Other non-current assets	5.5	101,658	82,821
Total non-current assets		**8,185,467**	**7,486,314**
Trade receivables	5.6	32,814	24,787
Tax receivables	5.9	90,540	87,949
Other current assets	5.7	43,837	33,235
Prepayments	5.8	21,757	7,378
Derivative financial instruments	5.4	-	3
Cash and cash equivalents	5.10	148,400	78,144
		337,348	**231,496**
Assets held for sale	5.17	225,376	186,138
Total current assets		**562,724**	**417,634**
TOTAL ASSETS		**8,748,191**	**7,903,948**
Equity			
Issued share capital	5.11	365	365
Share premium		3,816	3,816
Other capital funds		712,771	712,767
Other reserve		26,494	25,144
Retained earnings		2,178,963	1,822,482
Translation reserve		16,670	17,174
Equity attributable to owners of the Company		**2,939,079**	**2,581,748**
Non-controlling interest (NCI)	5.11	4,034	(762)
Total equity		**2,943,113**	**2,580,986**
Liabilities			
Shareholder borrowings	5.12	1,070,261	1,020,827
Bank long-term borrowings	5.12	2,196,127	2,446,041
Long-term bonds	5.12	991,298	-
Derivative financial instruments	5.4	4,178	-
Deferred tax liabilities		569,485	489,319
Long-term payables	5.13	155,705	126,751
Total non-current liabilities		**4,987,054**	**4,082,938**
Bank short-term borrowings	5.12	599,609	1,000,240
Short-term bonds	5.12	3,209	-
Trade payables	5.14	24,998	42,881
Accruals		41,732	55,083
Deferred income		27,208	21,815
Tax liabilities	5.15	88,686	84,558
Other payables	5.16	32,582	35,447
		818,024	**1,240,024**
Liabilities directly associated with assets held for sale	5.17	-	-
Total current liabilities		**818,024**	**1,240,024**
TOTAL EQUITY AND LIABILITIES		**8,748,191**	**7,903,948**

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.
The condensed consolidated interim financial statements were approved by the Board of Managers on the 22 September 2022 and were signed on their behalf by:

Mr. Frank Pörschke	Mr. Goh Kok Huat
Management Board member	Management Board member

P3 Group S.àr.l.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months period

In € thousand	Note	Issued share capital	Share premium	Other capital funds	Other reserve	Retained earnings	Translation reserve	Non-controlling interest	Total equity
Balance at 1 January 2022		**365**	**3,816**	**712,767**	**25,144**	**1,822,482**	**17,174**	**(762)**	**2,580,986**
Transaction with owners in their capacity as owners									
Contribution to other capital funds	5.11	-	-	-	-	-	-	-	-
Allocation to reserve fund		-	-	-	-	-	-	-	-
Total balance after contributions		**365**	**3,816**	**712,767**	**25,144**	**1,822,482**	**17,174**	**(762)**	**2,580,986**
Profit for the period		-	-	-		356,474	-	274	356,748
Reclassification and corrections	5.11	-	-	4	-	7	-	1	12
Minority interest	5.11	-	-	-	-	-	-	4,521	4,521
Other comprehensive income		-	-	-	1,351	-	(504)	-	847
Balance at 30 June 2022		**365**	**3,816**	**712,771**	**26,494**	**2,178,963**	**16,670**	**4,034**	**2,943,113**

In € thousand	Note	Issued share capital	Share premium	Other capital funds	Other reserve	Retained earnings	Translation reserve	Non-controlling interest	Total equity
Balance at 1 January 2021		**365**	**3,816**	**324,506**	**-**	**1,039,245**	**16,731**	**5,807**	**1,357,008**
Transaction with owners in their capacity as owners									
Contribution to other capital funds	5.11	-	-	-	-	-	-	-	-
Allocation to reserve fund		-	-	700	-	(700)	-	-	-
Total balance after contributions		**365**	**3,816**	**325,206**	**-**	**1,038,545**	**(16,731)**	**5,807**	**1,357,008**
Profit for the period		-	-	-		326,232	-	919	327,151
Reclassification and corrections	5.11	-	-	(663)	-	663	(5,510)	-	(5,510)
Minority interest	5.11	-	-	-	-	77	-	(345)	(268)
Other comprehensive income		-	-	-	-	-	26,592	-	26,592
Balance at 30 June 2021		**365**	**3,816**	**324,543**	**-**	**1,365,518**	**4,352**	**6,381**	**1,704,975**

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

P3 Group S.àr.l.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended

In € thousand	Note	30 June 2022	30 June 2021
Cash flows from operating activities			
Profit before taxation		441 515	413,005
Adjustment for:			
Depreciation and amortisation		2,868	2,447
Valuation net gains on investment property	4.4	(371,403)	(327,913)
Valuation net losses on derivatives	4.8	3	6
Shareholder financing costs	4.8	49,434	59,387
Interest and other financial expense	4.8	13,917	9,765
(Profit) / loss on disposal of PPE / subsidiaries		(45)	(490)
Other non-cash items		(1,805)	(7,197)
Foreign exchange differences		(151)	(33,091)
Operating cash flows before working capital changes		**134,333**	**115,919**
Decrease / (increase) in trade and other receivables		(21,862)	4,772
Decrease / (increase) in prepayments		(1,326)	(497)
Increase in trade and other payables		14,679	23,689
(Decrease) / increase in accrued expenditure		(4,173)	631
Cash generated from operations		**121,651**	**144,514**
Interest paid		(8,606)	(8,978)
Taxes paid		(6,266)	(5,651)
Net cash generated from operating activities		**106,779**	**129,885**
Cash flows from investing activities			
Acquisition of investment property and subsequent expenditure		(370,598)	(121,046)
Acquisition of tangible, intangible fixed assets and leased assets		(128)	(6,672)
Decrease / (increase) in restricted cash	5.10	(563)	1,189
Proceeds from disposal of shares	5.11	-	-
Proceeds from disposal of Investment Property	4.5	45	5,847
Net cash used in investing activities		**(371,244)**	**(120,682)**
Cash flow from financing activities			
Proceeds from shareholder borrowings	5.12	-	-
Repayment of shareholder borrowings	5.12	-	(400,000)
Proceeds from external borrowings	5.12	780,000	400,000
Repayment of external borrowings	5.12	(1,430,000)	-
Proceeds from bond issuance	5.12	1,000,000	-
Payment of transaction costs related to borrowings		(15,279)	-
Increase/(decrease) in other capital funds	5.11	-	-
Net cash generated from financing activities		**334,721**	**-**
Net increase in cash and cash equivalents		**70,256**	**9,203**
Foreign exchange differences		-	(240)
Cash and cash equivalents at the beginning of the period		**78,144**	**151,979**
Cash and cash equivalents at the end of the period	**5.10**	**148,400**	**160,942**

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

Management Board

as at 30 June 2022:

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

as at 31 December 2021:

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

Employees
The Group had 239 full-time equivalent employees as at 30 June 2022 (31 December 2021: 210 full-time equivalent employees). All the employees are engaged in the core business activities of the Group.

Financial year
The Group uses fiscal year as financial year from 1 January until 31 December. These condensed consolidated interim financial statements were prepared for the 6-month period ending 30 June 2022.

Consolidation Group

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

The Group is subsequently consolidated on GIC (Realty) Private Limited's level.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation of condensed consolidated interim financial statements

a) Statement of compliance

These condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Managers on 22 September 2022.

b) Basis of measurement

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

(1) 'Investment property' and 'Investment property under construction' are measured at fair value;

(2) 'Derivative financial instruments' are measured at fair value; and

(3) 'Disposal groups' are measured at the lower of their carrying amount and fair value less costs to sell, and investment property within the disposal groups are measured at fair value.

c) Going concern

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

Cash flow projections

The Group reported negative net working capital of €480.7 million as of 30 June 2022, which is mainly caused by a portion of a long-term loan being due within 12 months, hence becoming a short-term loan. However, based on the available types of funding mentioned below, there are sufficient resources to settle this short-term bank borrowing.

Availability of related party funding

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

Availability of bank funding

In December 2021 the Group signed a committed credit line of €750 million that provides substantial and flexible liquidity for the Group. The revolving credit facility is maturing December 2026 and can be drawn at a very short notice. The amount of €750 million was undrawn at the end of June 2022.

The cash flow assessment shows that the Group has sufficient headroom and liquidity to meet all payment obligations related to development projects, operations and loan interest payments.

Conflict in Ukraine

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

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

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

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

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

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

2.2. Change in accounting policy/estimates

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021.

Change in the inclusion of prepaid leasing commissions into the fair value of investment property
In the past, the Group recognised leasing commissions as expense when incurred (upon payment). This accounting policy was adopted based on the fact that the financial impact was immaterial and stable year-on-year. Due to the significant growth driven by the recent development and acquisition activities, and higher number of the rent renewals, the management has evaluated the impact and decided to align the rental income and its related expenses. Starting 1 January 2021 all leasing commissions are amortized over the duration of the respective rental contracts. From 1 January 2022, the value of prepaid leasing commissions is included in the calculation of fair value adjustment of investment property. The change is applied prospectively, resulting in €4,617.9 thousand decrease of gains from fair value adjustment on investment property in the statement of profit or loss at 30 June 2022.

Change in the presentation of Investment property under IFRS 16
In the past, the Group presented ground lease capitalised according to IFRS 16 on a separate line in the statement of financial position. From 1 January 2022, it is included in the value of Investment property. The change is also applied on comparatives.

These changes in accounting policy and presentation changes will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2022.

A number of new amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not adopted early any of the forthcoming new or amended standards in the preparation of these condensed consolidated interim financial statements.

2.3. New accounting policy

Cash flow hedging for interest rate risk
Derivative financial instruments are used in hedging the interest rate risk on euro denominated interest payments in accordance with the risk management policy. The Group applies hedge accounting, in accordance with IAS 39 standards, to the interest rate swap derivatives outstanding on 30 June 2022, according to which the change in fair value of financial instruments used for hedging is recognised initially under other comprehensive income. Fair value gains and losses are transferred to the statement of profit or loss in the same period when the hedged cash flows are recognised in the statement of profit or loss.

As of 30 June 2022, hedge accounting is applied for two hedging programs, one using interest rate swaps which have a combined nominal amount of €350 million and another using a forward starting interest rate swap which has a nominal amount of €500 million.

There is an economic relationship between the hedged items which are floating rate loans and the hedging instruments since the critical terms of the interest rate derivatives have been negotiated to match the respective terms of the variable rate loans. Furthermore, credit risk does not dominate the value changes in the hedge according to the Group's credit risk assessment and the hedge ratio is 1:1.

The cash flows derived from the hedged liabilities over their lifetime represent the basis for determining gain and loss on the effective portions of the derivatives designated as cash flow hedges.

The company uses qualitative and quantitative methods for assessing the hedge effectiveness in accordance with IAS 39 requirements.

2.4. Fair value measurement

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

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

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

instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

i. Investment property and Investment property under construction

An external, independent valuation company, having the appropriate, recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio semi-annually. The fair values reflect the market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

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

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

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

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

ii. Derivative financial instruments

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

iii. Assets and liabilities held for sale

The fair value of investment property included in the position "Assets held for sale" is classified within Level 3 of the fair value and is based on the expected selling price that is being negotiated with the potential purchaser. The expected selling price is compared with the fair value determined by the independent valuator as described in Note 2.4.i (as the provisions of IAS 40 should be followed in case of investment property). The lower of the two values is used.

2.5 Recurring EBITDA

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

Reconciliation of recurring EBITDA to operating profit:

For the six months ended

In € thousand

	Note	**30 June 2022**	**30 June 2021**
Rental income		172,004	159,209
Service charges		25,611	21,949
Gross rental revenue	**4.1**	**197,615**	**181,158**
Property operating expenses	4.2	(28,706)	(29,152)
Net rental income		**168,909**	**152,006**
Administrative expenses	4.3	(25,956)	(22,529)
Recurring EBITDA		**142,953**	**129,477**
Recurring EBITDA to rental income margin		83.1%	81.3%
Net gains from fair value adjustments on investment property	4.4	371,403	327,913
Disposal of investment property	4.5	45	490
Other expense, net	4.6	(267)	1,982
Depreciation and amortization	4.3	(2,868)	(2,447)
Operating profit		**511,266**	**457,415**

3. SEGMENTAL ANALYSIS

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

Each of the segments are managed by country managing directors and reported to the management team separately. For reporting purposes, the Group reports separately segments that are material, defined as representing more than 10% of revenues and 10% of total assets. All other geographic locations are grouped together in the segment “Other”.

There is only one tenant with the rental income greater than 10% of the Group’s rental income, total annualized rental income of this tenant is €51,023 thousand and it is coming from the German segment.

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

Segment as at 30 June 2022

In € thousand

	Czech Rep	France	Germany	Italy	Netherlands	Poland	Romania	Slovakia	Spain	Other**	Mgmt. / Hold	Eliminations	Total
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS for the six months ended 30 June 2022													
Gross rental revenue*	43,039	6,399	61,178	10,474	10,068	22,489	10,301	13,604	18,533	1,800	-	(270)	**197,615**
Property operating expenses	(5,200)	(2,017)	(6,177)	(1,796)	(1,655)	(7,570)	(2,513)	(2,923)	(1,232)	(123)	(0)	2,500	(28,706)
Net rental income	**37,839**	**4,382**	**55,001**	**8,678**	**8,413**	**14,919**	**7,788**	**10,681**	**17,301**	**1,677**	**(0)**	**2,230**	**168,909**
Net gains from fair value adjustments on investment property	184,628	3,812	54,728	4,268	13,889	64,966	1,628	21,424	25,897	(3,837)	-	-	**371,403**
Disposal of assets	-	-	145	-	-	-	-	-	-	-	-	(100)	**45**
Other income/Other expense	(46)	20	(52)	23	-	(15)	48	(48)	70	(8)	21,270	(21,529)	**(267)**
Administrative expenses	(4,580)	(860)	(7,859)	(1,335)	(1,243)	(2,096)	(849)	(1,170)	(2,196)	2,283	(21,585)	15,534	**(25,956)**
Depreciation	-	(45)	(1,101)	-	-	-	(48)	-	-	-	(1,674)	-	**(2,868)**
Operating profit	**217,841**	**7,309**	**100,862**	**11,634**	**21,059**	**77,774**	**8,567**	**30,887**	**41,072**	**115**	**(1,989)**	**(3,865)**	**511,266**
Financial income	1	256	31	-	-	-	13	-	-	-	329,452	(329,740)	**13**
Shareholder financing costs	-	-	-	-	-	-	-	-	-	-	(49,434)	-	**(49,434)**
External and other financial costs	(7,675)	(2,431)	(14,383)	(5,012)	(3,083)	(8,723)	(4,135)	(2,238)	(6,537)	655	(108,157)	141,389	**(20,330)**
Profit before tax	**210,167**	**5,134**	**86,510**	**6,622**	**17,977**	**69,051**	**4,445**	**28,649**	**34,535**	**770**	**169,871**	**(192,216)**	**441,515**
Income tax expense	(44,069)	(890)	(13,468)	(2,241)	(2,738)	(13,176)	(736)	(6,166)	(69)	(898)	(316)	-	**(84,767)**
Profit for the period	**166,098**	**4,244**	**73,042**	**4,380**	**15,240**	**55,875**	**3,709**	**22,483**	**34,466**	**(128)**	**169,555**	**(192,216)**	**356,748**
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION as at 30 June 2022													
Investment property	1,733,534	239,604	2,627,836	664,507	409,453	670,721	262,913	450,720	788,436	40,260	-	(60,465)	**7,827,519**
Investment property under construction	58,951	6,824	44,676	-	32,473	21,940	-	16,420	28,072	7,263	-	(1,906)	**214,713**
Other assets	42,816	78,060	101,624	64,033	14,589	208,726	9,110	16,654	87,639	21,734	14,055,649	(13,994,676)	**705,959**
Total assets	**1,835,301**	**324,488**	**2,774,136**	**728,540**	**456,516**	**901,387**	**272,023**	**483,794**	**904,147**	**69,257**	**14,055,649**	**(14,057,047)**	**8,748,191**
Borrowings	575,897	171,551	1,231,960	308,241	262,919	438,902	169,454	174,043	392,436	47,298	11,494,140	(10,406,337)	**4,860,504**
Other liabilities	248,017	67,399	247,399	68,004	38,026	79,780	14,625	53,937	50,916	3,441	136,733	(63,703)	**944,574**
Total liabilities	**823,914**	**238,950**	**1,479,359**	**376,245**	**300,945**	**518,682**	**184,079**	**227,980**	**443,352**	**50,739**	**11,630,873**	**(10,470,040)**	**5,805,078**
Equity	**1,011,387**	**85,538**	**1,294,777**	**352,295**	**155,571**	**382,705**	**87,944**	**255,814**	**460,795**	**18,518**	**2,424,776**	**(3,587,007)**	**2,943,113**

*Revenues to external customer

**Comprises Serbia, Austria, Belgium and Group adjustments

Segment as at 30 June 2021

In € thousand

	Czech Rep	France	Germany	Italy	Netherlands	Poland	Romania	Slovakia	Spain	Other**	Mgmt. / Hold	Eliminations	Total
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS for the six months ended 30 June 2021													
Gross rental revenue*	41,951	7,593	55,234	10,062	8,295	21,002	8,807	11,866	14,568	2,057	-	(279)	**181,158**
Property operating expenses	(5,186)	(2,590)	(6,658)	(1,568)	(1,594)	(6,719)	(2,634)	(2,979)	(1,389)	(185)	-	2,351	**(29,152)**
Net rental income	**36,766**	**5,003**	**48,576**	**8,494**	**6,701**	**14,283**	**6,173**	**8,887**	**13,178**	**1,872**	**-**	**2,071**	**152,006**
Net gains from fair value adjustments on investment property	31,126	9,118	82,321	60,049	10,275	69,809	6,672	40,880	18,446	(784)	-	-	**327,913**
Disposal of assets	-	-	-	-	-	-	490	-	-	-	-	-	**490**
Other income/Other expense	68	(24)	354	3	(11)	10	(19)	27	149	-	19,382	(17,957)	**1,982**
Administrative expenses	(4,381)	(882)	(5,220)	(882)	(580)	(2,780)	(722)	(974)	(1,659)	(191)	(17,468)	13,210	**(22,529)**
Depreciation	-	-	(1,444)	-	(220)	-	(48)	(1)	-	-	(734)	-	**(2,447)**
Operating profit	**63,579**	**13,215**	**124,587**	**67,664**	**16,165**	**81,322**	**12,545**	**48,820**	**30,115**	**897**	**1,180**	**(2,677)**	**457,414**
Financial income	18,805	223	31	116	-	7,548	(2,074)	-	47	-	148,148	(148,094)	**24,749**
Shareholder financing costs	-	-	-	-	-	-	-	-	-	-	(59,387)	-	**(59,387)**
External and other financial costs	(9,896)	(2,827)	(14,873)	(4,496)	(2,200)	(4,922)	(4,507)	(2,265)	(5,183)	(647)	(105,746)	147,791	**(9,771)**
Profit before tax	**72,488**	**10,611**	**109,746**	**63,284**	**13,966**	**83,947**	**5,964**	**46,555**	**24,978**	**251**	**(15,805)**	**(2,980)**	**413,005**
Income tax expense	(15,074)	(2,481)	(16,587)	(20,270)	(3,234)	(16,154)	-	(11,467)	-	(305)	(282)	-	**(85,855)**
Profit for the period	**57,414**	**8,130**	**93,159**	**43,014**	**10,731**	**67,793**	**5,964**	**35,088**	**24,978**	**(54)**	**(16,087)**	**(2,980)**	**327,151**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2021													
Investment property***	1,519,510	240,901	2,476,463	424,907	372,057	526,566	258,964	412,661	694,707	39,001	-	(53,159)	**6,912,578**
Investment property under construction	55,223	-	51,545	156,416	-	81,160	-	12,913	110,535	-	-	(5,282)	**462,510**
Other assets	31,331	75,745	93,026	43,913	22,822	210,850	8,237	11,348	32,384	22,509	13,626,974	(13,650,280)	**528,860**
Total assets	**1,606,064**	**316,646**	**2,621,034**	**625,236**	**394,879**	**818,576**	**267,201**	**436,922**	**837,626**	**61,510**	**13,626,974**	**(13,708,721)**	**7,903,948**
Borrowings	581,503	167,941	1,235,883	225,149	228,416	397,844	169,734	158,085	359,583	41,511	11,168,663	(10,267,204)	**4,467,108**
Other liabilities	190,099	54,655	206,927	100,877	36,014	83,240	13,430	45,506	48,301	1,354	154,436	(78,985)	**855,854**
Total liabilities	**771,602**	**222,596**	**1,442,810**	**326,026**	**264,430**	**481,084**	**183,164**	**203,591**	**407,884**	**42,865**	**11,323,099**	**(10,346,189)**	**5,322,962**
Equity	**834,462**	**94,050**	**1,178,224**	**299,210**	**130,449**	**337,492**	**84,037**	**233,331**	**429,742**	**18,645**	**2,303,875**	**(3,362,532)**	**2,580,986**

*Revenues to external customer

**Comprises Bulgaria, Serbia, Austria, Belgium and Group adjustments.

***Change in presentation of ground lease capitalized under IFRS 16 is reflected in the table as described in note 2.2.

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

4.1. Gross Rental Revenue

In € thousand

For 6 months ended	30 June 2022	30 June 2021
Rental revenue from investment property (including investment property – right-of-use asset)	170,978	158,538
Straight-lining of lease incentives	1,026	671
Rental income	**172,004**	**159,209**
Service charges	25,611	21,949
Gross rental revenue	**197,615**	**181,158**

Rental income from investment property increased due to new investment properties acquired and completed in 2021 and 2022, higher occupancy and rental growth.

4.2. Property Operating Expenses

In € thousand

For 6 months ended	30 June 2022	30 June 2021
Utilities	(3,190)	(2,813)
Taxation	(10,242)	(10,527)
Insurance	(2,315)	(2,429)
Security	(3,987)	(4,754)
Property management fees	(4,018)	(4,767)
Repairs and maintenance	(3,369)	(3,905)
Other	(1,585)	43
Total	**(28,706)**	**(29,152)**

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

4.3. Administrative Expenses

In € thousand

For 6 months ended	30 June 2022	30 June 2021
Property administrative expenses (1)	(6,938)	(4,643)
Employee and other administrative expenses (2)	(21,520)	(17,886)
Costs capitalised (3)	2,502	-
Total	**(25,956)**	**(22,529)**

(1) Property administrative expenses:

In € thousand

For 6 months ended	30 June 2022	30 June 2021
Letting, marketing, legal, and professional fees	(6,247)	(4,717)
Impairment loss on trade receivables (ECL)	57	(136)
Other	(748)	211
Total	**(6,938)**	**(4,643)**

(2) Employee and other administrative expenses:

In € thousand

For 6 months ended	**30 June 2022**	**30 June 2021**
Employee expenses	(17,735)	(14,954)
Audit fees*	(572)	(758)
Other	(3,213)	(2,173)
Total	**(21,520)**	**(17,886)**

*Comprise of Group's auditors and other external auditors' fees.

Employee expenses

In € thousand

For 6 months ended	**30 June 2022**	**30 June 2021**
Wages and salaries	(14,958)	(12,655)
Social security and health insurance	(1,754)	(1,554)
Other	(1,023)	(745)
Total	**(17,735)**	**(14,954)**

The number of full-time equivalent employees as of 30 June 2022 was 239 and 191 as of 30 June 2021.

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

4.4. Net gains from fair value adjustments on investment property

In € thousand

For 6 months ended **30 June 2022**	Valuation gains	Valuation loss	Net change in market value
Investment property	355,176	(47,631)	307,545
Investment property under construction	63,858	-	63,858
Total	419,034	(47,631)	371,403
out of which Assets held for sale	*4,916*	*(3,191)*	*1,725*

In € thousand

For 6 months ended **30 June 2021**	Valuation gains	Valuation loss	Net change in market value
Investment property	334,961	(22,252)	312,709
Investment property under construction	15,204	-	15,204
Total	**350,165**	**(22,252)**	**327,913**
out of which Assets held for sale	*11,103*	-	*11,103*

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

4.5. Disposal of investment property

During the first six months in 2022, the Group has not completed any sale of investment property and therefore there are no gains on disposal of investment property.

During the first six months in 2021 the Group completed only sale of the land in Romania, which was sold for €5.8 million resulting in a gain of €490 thousand.

For further reference on assets and liabilities held for sale see also Note 5.17.

4.6. Other Income and Expense, Net

As of 30 June 2022, as well as of 30 June 2021, 'Other Expense, Net' comprised primarily transaction costs related to new acquisitions, other advisory costs related to the Group matters (transfer pricing, legal structuring, etc) and late fees paid by tenants.

4.7. Financial Income

In € thousand

For 6 months ended	**30 June 2022**	**30 June 2021**
Interest income	-	257
Other financial income	13	115
Net foreign exchange gains (1)	-	24,377
Total	**13**	**24,749**

(1) Net foreign exchange gains arose primarily from revaluation of borrowings from EUR to local functional currencies including the effect from the hedge model deferring FX gains and losses in OCI against future cash flow from rental income.

4.8. Financial Costs

Shareholder financing costs

Interest expense and guarantee fee from shareholder loans in the amount of €49,434 thousand (€59,387 thousand for the first six months in 2021) was not settled in cash and remained accrued for the first six months in 2021 and 2022.

External and other financial costs

In € thousand

For 6 months ended	**30 June 2022**	**30 June 2021**
Interest expenses – bank borrowings	(7,998)	(9,571)
Interest expenses – bonds	(5,919)	-
Financing fees	(4,110)	(194)
Unrealized losses from derivatives and financial instruments	(3)	(6)
Net foreign exchange losses (1)	(2,300)	-
Total	**(20,330)**	**(9,771)**

(1) Net foreign exchange losses arise primarily from revaluation of borrowings from EUR to local functional currencies including the effect from the hedge model deferring FX gains and losses in OCI against future cash flow from rental income.

4.9. Income Tax

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

The Group's consolidated effective tax rate in respect of continuing operations for the six months ending 30 June 2022 was 19.2% (six months ending 30 June 2021: 20.8%). The change in effective tax rate was mainly caused by the fact that, comparing 2022 to 2021, the net gain from fair value adjustment on investment property has arisen more in countries with lower nominal tax rate.

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

5.1. Investment property

Investment properties include both completed yielding assets and undeveloped land intended for future development. As at 30 June 2022, the Group owned 298 completed investment properties in eleven countries - Germany, France, Czech Republic, Netherlands, Poland, Slovakia, Italy, Romania, Spain, Austria and Belgium (31 December 2021: 287 completed investment properties).

In € thousand

	30 June 2022	31 December 2021
Investment property – yielding assets and land	7,701,355	6,816,288
Investment property – right-of-use asset	126,164	96,290
Investment property	**7,827,519**	**6,912,578**

Appraisals of market values as of 30 June 2022 and as of 31 December 2021 were performed by external, independent appraiser certified by the Royal Institution of Chartered Surveyors (RICS). The appraisals were performed using the hardcore/capitalisation method.

Fair value measurement for investment properties has been categorised as a level 3 fair value (same as in 2021) based on the unobservable inputs used in the valuation.

Investment property also includes investment right-of-use asset, comprising of ground lease primarily obtained from acquisitions made during 2020.

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

Valuation technique	Significant assumptions / unobservable inputs
The properties held for investment have been valued using the income approach, capitalising the income to arrive at a capital value net of Capex, R&M costs and purchaser's costs. The method represents a quotient of dividing the annual net operating income (NOI) by the appropriate capitalisation rate (yield). NOI is calculated based on current rent payable to lease expiry (after expiry ERV is used for re-letting assumptions), allowances are made for voids and rent-free periods where appropriate and non-recoverable costs are deducted where applicable. Yield estimations consider the quality of a building, its location (prime vs. secondary), tenant credit quality, lease terms, and market conditions (take-up, vacancy in sub-region and investment volume). Future growth of rents has been accounted for implicitly in the opinion of yield. For assets under construction ("AUC") the asset is valued on as-if-complete basis, utilising the income approach less, any outstanding costs to complete and proportion of developer's profit.	− Rent value derived from lease agreements − Void periods between 0-15 months after the end of each lease − Rent free periods: 0-12 months for new leases − Weighted Average Equivalent Yield for investments assets (both yielding and AUC) for country 4.05-7.43% (31 December 2021: 3.92-6.37%), weighted average for the Group 4.65% (31 December 2021: 4.65%) − Transaction costs 1% (2021: 1%) is the assumption that appropriately approximates the amount of transaction costs for the whole investment property portfolio − For AUC costs to complete and developer's margins vary with each development project (due to size, specification, country, etc.). Assumptions are based on actual progress of works and total construction costs forecasted (costs contracted with general contractor and other construction costs, compared by valuator with the market standard) The estimated fair value would increase (decrease) if: − Rent value derived from lease agreements was higher (lower)

The land held for future development is valued utilising either the cost approach (residual method) or the market approach (comparison method) depending on the level of development being undertaken, the type of development and the local market practice. As a sense check the comparison method is often used in conjunction with this approach.	– Void periods after the end of each lease were shorter (longer) – Rent free periods for new leases were shorter (longer) – Equivalent yields were lower (higher) – Transaction costs were lower (higher) – Estimated costs to complete for AUC were lower (higher)

For additional information about fair value measurement see Note 2.4.

Investment property right-of-use assets – Movement table for the period ended 30 June 2022

In € thousand

At 1 January 2022	**96,290**
Additions	31,020
Modifications and disposals	-
Depreciation expense	(1,146)
Transfer to Assets held for sale	-
Translation Difference	-
At 31 June 2022	**126,164**

In € thousand

At 1 January 2021	**94,728**
Additions	3,649
Modifications and disposals	-
Depreciation expense	(2,087)
Transfer to Assets held for sale	-
Translation Difference	-
At 31 December 2021	**96,290**

Investment property right-of-use is represented by the ground lease capitalised according to IFRS 16.
New addition in 2022 is due to a newly signed ground lease for a project in Germany.

Investment property - yielding asset movement table for the period ended 30 June 2022

In € thousand

	Czech Rep	France	Germany	Italy	Netherlands	Poland	Romania	Slovakia	Spain	Other*	Total
At 1 January 2022	**1,504,808**	**237,318**	**2,373,586**	**423,677**	**372,057**	**511,322**	**256,796**	**405,924**	**692,403**	**38,397**	**6,816,288**
Acquisition	**-**	**-**	**43,495**	**-**	**22,675**	**-**	**-**	**-**	**-**	**3,845**	**70,015**
Additions	**7,032**	**665**	**1,604**	**509**	**832**	**28,797**	**2,180**	**14,789**	**2,689**	**193**	**59,290**
Disposals/change in asset held for sale	**-**	**-**	**-**	**-**	**-**	**(1,489)**	**-**	**-**	**(40,072)**	**2,324**	**(39,238)**
Transfer to investment properties under construction	**-**	**(5,725)**	**-**	**3,789**	**-**	**(574)**	**-**	**-**	**-**	**(1,268)**	**(3,778)**
Transfer from investment properties under construction	**33,610**	**-**	**27,550**	**246,944**	**-**	**74,220**	**-**	**-**	**115,957**	**-**	**498,281**
Valuation gains/(losses)	**166,171**	**3,812**	**48,804**	**(13,372)**	**13,889**	**54,674**	**1,628**	**23,270**	**12,506**	**(3,837)**	**307,545**
Translation difference	**6,794**	**-**	**-**	**-**	**-**	**(13,841)**	**140**	**-**	**-**	**(141)**	**(7,048)**
At 30 June 2022	**1,718,415**	**236,070**	**2,495,039**	**661,547**	**409,453**	**653,109**	**260,744**	**443,982**	**783,483**	**39,513**	**7,701,355**
Lease incentives and commissions**	**9,966**	**1,889**	**17,719**	**881**	**2,211**	**9,358**	**954**	**4,099**	**2,884**	**226**	**50,187**
Held for sale***	**-**	**-**	**-**	**-**	**-**	**170,477**	**-**	**-**	**40,072**	**14,827**	**225,376**
Total Property Value	**1,728,381**	**237,959**	**2,512,758**	**662,428**	**411,664**	**832,944**	**261,698**	**448,081**	**826,440**	**54,566**	**7,976,919**

Investment property – yielding asset movement table for the year ended 31 December 2021

In € thousand

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

* Other includes properties in Austria, Belgium, Serbia, and group adjustments in both years.

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

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

5.2. Investment property under construction

In € thousand

	30 June 2022	31 December 2021
At 1 January	**462,510**	**148,939**
Acquisition	32,473	9,330
Additions	149,419	312,503
Transfer from investment property	3,778	72,491
Transfer to investment property	(498,281)	(197,342)
Valuation gains	63,858	115,611
Translation difference	956	978
At 30 June 2022/ 31 December 2021	**214,713**	**462,510**

Investment property under construction comprises assets currently under development, i.e. where a construction permit has been obtained. Constructions are completed and transferred to investment property when occupancy permit is obtained.

As of 30 June 2022, the Group had 10 assets under construction in Germany, Poland, Slovakia, Spain, France, Austria, the Netherlands and Czech Republic (31 December 2021: 11 assets under construction in Germany, Poland, Slovakia, Spain, Italy and Czech Republic).

Fair value measurement for investment properties under construction has been categorised as a Level 3 fair value based on the unobservable inputs used in the valuation. There was no reclassification between Levels during the period.

5.3. Total property value

Property value is not a measure defined in IFRS Standards. Property value is a non-GAAP measure used by the Group to monitor the Group's unencumbered Property value for covenant compliance. Total property value includes value of assets held for sale, and lease incentives and commissions capitalized in fair value as shown in movement table in Note 5.1. above.

In € thousand

	30 June 2022	31 December 2021
Investment property – yielding assets and land – total property value (Note 5.1.)	7,976,919	7,042,943
Investment property under construction (Note 5.2.)	214,713	462,510
Total Property Value	**8,191,632**	**7,505,454**
Market value of pledged properties	(115,970)	(111,927)
Unencumbered Property Value	**8,075,662**	**7,393,527**

5.4. Derivative financial instruments

In € thousand

Maturity of derivatives	Type of contract	Notional amounts 30 June 2022	Fair Value 30 June 2022	Notional amounts 31 December 2021	Fair Value 31 December 2021
Up to 1 year	Interest Rate Cap	533,017	-	535,781	3
1 to 5 years	Interest Rate Swap	350,000	(1,090)	-	-
Over 5 years	Forward Starting Interest Rate Swap	500,000	8,180	-	-
Total		1,383,017	**7,090**	535,781	**3**

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

In € thousand

	30 June 2022	31 December 2021
Short-term derivative – assets	-	3
Long-term derivative – assets	11,268	-
Short-term derivative – liabilities	-	-
Long-term derivative – liabilities	(4,178)	-
Total	**7,090**	**3**

The Group uses interest rate caps and interest rate swaps.
Interest caps are carried at fair value through the profit and loss ("FVTPL").
Interest swaps are carried at fair value through other comprehensive income ("FVOCI").

Interest payments relating to bank loans and other loans are recorded under interest expense in Note 4.8.

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

5.5. Other Non-Current Assets

In € thousand

	30 June 2022	31 December 2021
Accrued income (1)	38,539	37,462
Capitalised costs on new projects (2)	26,610	18,069
Prepaid expense (3)	7,727	4,891
Other (4)	28,782	22,399
Total	**101,658**	**82,821**

(1) Accrued income represents the rent-free incentives the Group has granted to tenants.
(2) Capitalised costs on new acquisitions/development represents transaction costs incurred as of the balance sheet date for future and not yet fully started projects. The amount capitalised is transferred to investment property upon completion of the acquisition or start of the development.
(3) Prepaid expense is primarily made up from leasing commissions being amortized over the lease term.
(4) Other non-current assets represent prepayments on land paid primarily in Germany and Poland (€19,074 thousand) and long-term deposits paid in Spain (in 2022: €5,671 thousand, in 2021: €5,118 thousand).

5.6. Trade Receivables

In € thousand

30 June 2022	Receivables	Loss allowance	Current amount
Not yet due	25,731	0	25,731
< 30 days past due	3,782	0	3,782
30 - 60 days past due	914	0	914
60 - 90 days past due	555	0	555
90 - 180 days past due	749	(29)	720
180 - 360 days past due	477	(4)	473
> 360 days past due	2,793	(2,152)	640
Total	**34,999**	**(2,185)**	**32,814**

In € thousand

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

There is no concentration of trade receivables.

5.7. Other Current Assets

In € thousand

	30 June 2022	31 December 2021
Accrued income (1)	15,792	10,205
Prepaid expense (2)	13,322	8,001
Other (3)	14,723	15,029
Total	**43,837**	**33,235**

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

5.8. Prepayments

In € thousand

	30 June 2022	31 December 2021
Deposits paid (1)	17,834	3,885
Advance payments (2)	3,923	3,493
Total	**21,757**	**7,378**

(1) Deposits paid are primarily represented by short-term payments on escrow accounts relating to new acquisitions mainly in France of €12,964 thousand and Italy of €3,805 thousand (2021: Italy €2,548 thousand).
(2) Advance payments consist of recorded advances on utilities.

5.9. Tax Receivables

In € thousand

	30 June 2022	31 December 2021
VAT and other tax receivable (1)	90,540	68,703
Income tax receivable	-	2,305
Total	**90,540**	**87,949**

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

5.10. Cash and cash equivalents and Restricted cash

In € thousand

	30 June 2022	31 December 2021
Cash and cash equivalents	148,400	78,144
Non-current restricted cash	2,860	2,297
Current restricted cash	-	-
Total	**151,260**	**80,441**

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

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

5.11. Equity

Share capital and share premium

As of 30 June 2022, and as of 31 December 2021, the share capital of the Group consists of 36,505,930 ordinary shares with the nominal value of €0.01 each, fully paid in, on which share premium of €3,816 thousand arose. Each ordinary share is entitled in the profits and corporate capital to a pro rata portion of the corporate capital it represents, as well as to voting rights. The authorised share capital is amounting to €365 thousand.

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

Other capital funds

In 2021 changes in 'Other capital funds' are made up of conversion of shareholder loan of €390,441 thousand and allocation of profits of the previous year of €763 thousand.

In € thousand

	Number of shares	Share capital	Share premium	Other capital funds
Balance at 1 January 2022	**36,505,930**	**365**	**3,816**	**712,767**
Contribution of the shareholder	-	-	-	-
Allocation to reserve fund	-	-	-	-
Reclassifications and corrections	-	-	-	4
Balance at 30 June 2022	**36,505,930**	**365**	**3,816**	**712,771**

In € thousand

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

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

Other reserve

The other reserve consists of the recognition effect from cash flow hedging made up by foreign exchange risk hedge accounting and new interest swaps hedge accounting (see Note 5.4 and 5.19).

In € thousand

	31 December 2021	Movement	30 June 2022
Hedge accounting	29,353	(3,596)	25,756
Deferred tax	(4,209)	(749)	(4,958)
Interest swaps	-	7,589	7,589
Deferred tax	-	(1,893)	(1,893)
Other reserve	**25,144**	**1,351**	**26,494**

Translation reserve

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

Non-controlling interest ("NCI")

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

Together with the shares, the external investors were granted an option which represents their right to sell these shares back to the Group on 28 February 2021. During 2021, most of the options were extended and may exercise in April 2024 with the selling price to be calculated based on the value of consolidated equity of Spain SOCIMI as of future date.

The future liability arising from this option was recognised as a long-term financial liability in the Group consolidated financial statements as at 30 June 2022 in the amount of €1,865 thousand (€6,413 thousand as at 31 December 2021) corresponding to discounted liability. Present-access method was applied due to the access of minority shareholders to returns and therefore the value of option was recognised as part of non-controlling interest (NCI). Subsequent to initial recognition, the group applies accounting policy, to recognise changes in the carrying amount of the put liability in profit or loss.

The value of the overall obligation against minority shareholders has not materially changed since 2021 year-end. As of 30 June 2022 the total value of the obligation was €5,899 thousand (31 December 2021: €5,651 thousand) consisting of NCI of €4,034 thousand and option obligation of €1,865 thousand presented in other payables (31 December 2021: NCI of €-762 thousand and other payable of €6,413 thousand).

5.12. Borrowings

In € thousand

Shareholder borrowings	30 June 2022	31 December 2021
Principal	978,125	978,246
Accrued interest and guarantee fee	92,136	42,581
Total	**1,070,261**	**1,020,827**

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

In 2021 a total of €390.4 million shareholder loans were converted to equity.

In € thousand

Net Debt	30 June 2022	31 December 2021
Long-Term Bank Borrowings	**2,198,124**	**2,446,041**
Bank borrowings - principal	2,200,495	2,450,495
Deferred financial costs*	(2,371)	(4,454)
Short-Term Bank Borrowings	**600,172**	**1,000,240**
Bank borrowings – principal and accrued interest	600,450	1,000,410
Deferred financial costs*	(278)	(170)
Total Bank Borrowings	**2,798,296**	**3,446,281**
Long-Term Bonds	**991,298**	**-**
Bonds - principal	1,000,000	-
Deferred financial costs	(8,702)	-
Short-Term Bonds	**3,209**	**-**
Bonds – accrued interest	5,317	-
Deferred financial costs	(2,108)	-
Total Bonds	**994,507**	**-**
Total Borrowings	**3,792,803**	**3,446,281**
Cash and cash equivalents	**(148,400)**	**(78,144)**
Net Debt	**3,644,403**	**3,368,137**

* This overview does not include deferred financing costs associated with revolving credit facility which is undrawn as of June 2022 (long-term portion €1,997 and short-term portion €563).

External Borrowings by type (excluding deferred financial costs)	30 June 2022	31 December 2021
Secured borrowings - mortgages*	**50,495**	**50,495**
Unsecured Borrowings	**3,755,767**	**3,400,410**
Bank loans	2,750,450	3,400,410
Bonds	1,005,317	-
Total	**3,806,262**	**3,450,905**

* The Group acquired €50,495 thousand of secured borrowings as a result of an acquisition made in 2021 in Spain.

Financing is provided through a combination of borrowings provided by banks, bond investors and loans provided by related parties.
All shareholder loans, bank borrowings and bonds are denominated in Euro.

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

In € thousand

Bank Borrowings by maturity (excluding Deferred financial costs)	30 June 2022	31 December 2021
Up to 1 year	600,450	1,000,410
1 to 5 years	2,200,495	2,450,495
Over 5 years	-	-
Total	**2,800,945**	**3,450,905**

In € thousand

Bonds by maturity (excluding Deferred financial costs)	30 June 2022	31 December 2021
Up to 1 year	5,317	-
1 to 5 years	500,000	-
Over 5 years	500,000	-
Total	**1,005,317**	**-**

As described in detail as subsequent events in the 2021 annual financial statements, several financing related events took place in January 2022. Standard & Poor's published a BBB credit rating to the Group with stable outlook, a Green Financing Framework was published and a €5.0 billion Euro Medium Term Note ("EMTN") bond program was established and approved by Luxembourg Stock Exchange. In January 2022, the Group successfully issued €1.0 billion Green Bonds. The Group issued two €500.0 million senior unsecured tranches across 4 and 7-year tenors, carrying a fixed coupon of 0.875% and 1.625% respectively. The bonds are rated BBB by S&P, traded on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange.

Proceeds from the bond issuance were used for repayment of existing loans. One €600 million guaranteed bank loan was paid before maturity in January 2022, and another €400 million bank loan in May 2022. €300 million of a bank facility was paid down in January 2022 and drawn again in May 2022.

In May 2022, two new 5-year senior unsecured non-recourse bilateral term loans were signed: a €200 million loan and a €150 million loan. Both loans are with floating rate but hedged fully to fixed interest rate.

The bank loan facilities of €2,800 million are due between May 2023 and May 2027.

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

In € thousand

Borrowings by interest rate (nominal excluding accrued interest)	30 June 2022	31 December 2021
TOTAL floating rate	**2,800,495**	**3,050,495**
Reference rate +0.35% to 2%*	2,450,495	3,050,495
Reference rate +0.9% to 1.1%**	350,000	-
TOTAL fixed rate	**1,000,000**	**400,000**
Fixed coupon bonds +0.875 to 1.625%	1,000,000	-
Fixed rate - 0.1%	-	400,000
Total external borrowings and bonds	**3,800,495**	**3,450,495**
Out of which fixed rate or swapped to fixed interest rates	1,350,000	400,000
TOTAL blended rate for shareholder's loan – 3.66%+ margin on profit	**978,125**	**978,246**
Total	**4,778,620**	**4,428,741**

* Portion of loans with variable interest are hedged against interest rate risk with interest rate caps.
** Fully swapped to fixed interest rate with all-in interest of 2.46-3.31%

The average interest rate for bank borrowings was 1.05% (year 2021: 0.56%).

In May 2022 the Group executed a €500 million pre-hedge for upcoming debt issuance, locking in 5-year fixed rate as described in Note 5.19.
Bank borrowings of €2,400 million are guaranteed by Europe Realty Holdings Pte Ltd (parent company of the shareholder of the Group).

Liquidity
P3 Group S.àr.l. entered into a €750 million revolving facility agreement in December 2021. This facility is unsecured and non-recourse to the shareholder. It has a 5-year tenor with extension options for 2 additional years. The Group utilised €130 million for a few months in 2022, but drawings were repaid in May 2022 and as at 30 June 2022, this facility was fully undrawn.

Financial Covenants
The current outstanding guaranteed bank loans of the Group do not contain any quantitative financial covenants. The EMTN program, the non-recourse bank term loan agreements and the revolving credit facility include financial covenants for the Group. As of 30 June 2022, the Group is compliant with the covenants and had substantial headroom in all the covenants requested.

The financial covenants are regularly monitored, presented below as of 30 June 2022:
(1) Loan to Value should not exceed 60% as of 30 June or 31 December of each calendar year.
(2) Interest Cover should exceed 1.5x as of 30 June or 31 December of each calendar year
(3) Unencumbered Assets Ratio should exceed 1.5x as of 30 June or 31 December of each calendar year.
(4) Priority Debt Ratio should not exceed 40% of property value as of 30 June or 31 December of each calendar year.

Financial Covenants	June 2022	Covenant Ratios
(1) Loan to Value ratio	44.5 %	< 60%
(2) Interest Cover ratio	11.9	> 1.5
(3) Unencumbered Assets ratio	2.2	> 1.5
(4) Priority Debt ratio	0.6%	< 40%

5.13. Long-term payables

As at 30 June 2022, the Group had 'Long-term payables' of €155,705 thousand (31 December 2021: €126,751 thousand) which represent primarily a lease liability of €128,884 thousand (31 December 2021: €97,910 thousand) recognised from the application of IFRS 16, and amounts received from tenants as security for their rental obligations and retentions from development projects.

5.14. Trade Payables

As at 30 June 2022, 'Trade payables' of €24,998 thousand (31 December 2021: €42,881 thousand) comprise payment obligations to third-party suppliers incurred in the normal course of business. The balance comprises primarily payables related to construction costs incurred from ongoing developments in Germany, Italy, Spain and Poland.

5.15. Tax Liabilities

In € thousand

	30 June 2022	31 December 2021
VAT	22,271	14,665
Income tax payable	6,679	11,823
Other tax payable (1)	59,736	58,070
Total	**88,686**	**84,558**

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

5.16. Other Current Payables

In € thousand

	30 June 2022	31 December 2021
Tenant deposits	2,379	2,688
Advance payments received	3,405	2,346
Payables to employees	499	1,161
Lease liability	4,262	3,985
Other payables (1)	22,037	25,267
Total	**32,582**	**35,447**

(1) Other payables of €22,037 thousand as at 30 June 2022 relate primarily to retentions on payments to contractors for developments in Italy, Germany, Poland and Czech Republic.

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

During 2021, the Group started actively pursuing a sale of one park in Poland and two properties in Belgium, which are presented as assets held for sale still in June 2022. In addition, during 2022 the Group initiated a sale process for 2 properties in Spain. All are expected to be sold as an asset deal.

As at 30 June 2022, the assets and liabilities related to the disposed portfolio were stated at the lower of their carrying amount and fair value less costs to sell. The investment property classified as held for sale was measured in accordance with IAS 40. These assets comprised the following:

Assets held for sale

In € thousand

	30 June 2022	31 December 2021
Investment property	225,376	186,138
Investment property under construction	-	-
Other non-current assets	-	-
Right-of-use assets	-	-
Deferred tax asset	-	-
Trade receivables	-	-
Tax receivables	-	-
Prepayments	-	-
Other current assets	-	-
Total	**225,376**	**186,138**

There are no liabilities directly associated with assets held for sale as at 30 June 2022 and 31 December 2021.

5.18. Contingent assets and liabilities

In 2021, as part of completion of the disposal deal, the Group has provided rent guarantees on selected properties for maximum compensation of €3,000 thousand, out of which €573.7 thousand was due in 2021 and the remaining amount of €2,426 thousand was recognised as the provision recognised within other payables and presented together with cost on asset sold. Additional €262.3 thousand was utilised in 2022.

Bank guarantees

As of 30 June 2022, the Group had outstanding bank guarantees with third parties as beneficiary for a total amount of €7,394 thousand (€7,244 thousand as of 31 December 2021).

5.19. Cash flow hedge instruments

Cash flow hedge accounting using financial liabilities as hedging instruments for foreign exchange risk

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

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

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

The movement in hedging reserve is presented in Note 5.11 Equity, section Other reserve.

Cash flow hedge accounting for interest rate risk

The strategy of the Group is to protect its cash flows from interest rate risk resulting from its external financing activity. In May 2022 the Group launched two new hedging programs to lock in the interest rates on recently contracted bilateral loans and implemented cash flow hedge accounting to hedge the volatility of the floating interest rates resulting from the new loans. The Group launched also a third hedge program in order to hedge volatility in forecasted and highly probable new financing for €500 million nominal amount exposed to interest rate risk.

The cash flows derived from all hedged liabilities over their lifetime represent the basis for determining the gain and loss on the effective portions of the derivatives designated as cash flow hedges.

At the reporting date as at 30 June 2022, derivatives under hedge accounting were assessed as highly effective, between 80-125% effectiveness over the life of the hedge.

The fair value of the derivatives resulting from the three hedging programs is positive €7.09 million and the change of these fair values totalling €7.09 million is recognised under Other comprehensive income. See Note 5.4 and Note 5.11 Equity, section Other reserve, for further details.

6. RELATED PARTIES

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

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

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

As of June 2022, the Group has loans from Euro Vitus Private Limited, with an outstanding balance of €1,028,079 thousand (2021: €1,000,903 thousand), of which €49,955 thousand (2021: €22,656 thousand) is accrued yield. These shareholder loans are in the form of interest-bearing loans and loans covered by total return swap. The shareholder borrowings are subordinated loans with tenors exceeding 20 years.

Further, as of 30 June 2022, the Group accounted for guarantee fee for six months in the year 2022 provided by related party Europe Realty Holdings Pte Ltd (for providing parental guarantee over the bank borrowings of the Group). The guarantee fee is amounting to €19,014 thousand (2021: €74,996 thousand). The total amount outstanding of €42,182 thousand (2021: €19,925 thousand) is presented under loans from related parties in Note 5.12.

Transactions with key management personnel

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

In addition to the above transactions with key management personnel, a few employees within the Group hold shares in one of the Group's entities (P3 Spain Logistic Parks SOCIMI, S.A.U.). Total number of shares held by the employees is 0.2569% out of the total external shareholding of 2.5744%. More details on this transaction can be found in Note 5.11.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

7.1. Overview

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

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

The primary risks impacting the Group and the approach to managing them are set out below.

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

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

7.2. Real Estate Market risk

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

7.3. Interest rate risk

Interest rate risk is the risk that the cash flows of a financial asset or liability will fluctuate because of changes in market interest rates. In line with its financial risk management policy, the Group aims to protect its cash flows from interest rate risk. The Group's exposure to the risk of changes in market interest rates relates primarily to its debt obligations with floating interest rates.

To manage its interest rate risk, the Group has, for a portion of its debt, entered interest rate caps and interest rate swaps to secure the maximum amount of interest paid, calculated by reference to an agreed-upon notional principal amount. For newly contracted debt in the first half of 2022, the Group has entered into floating to fixed interest rate swaps to hedge the related interest rate risk.

7.4. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions and derivatives. For additional information about credit risk see Note 5.6.

Cash and cash equivalents

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

Credit risk arising as part of the investment of cash and cash equivalents and restricted cash is managed by the fact that the Group only deposits cash with banking partners with strong credit ratings, which are rated A-/A3 or higher. Therefore, the Group did not recognize impairment as of June 2022 neither 2021.

Derivatives

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

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

In € thousand

	Carrying amount				Maximum exposure	
	Fair value - hedging instruments		Financial assets at amortized costs			
30 June/31 December	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Financial assets measured at fair value						
Derivatives (interest caps)	-	3	-	-	-	3
Derivatives (interest swaps)	11,268	-	-	-	11,268	-
Financial liability measured at fair value						
Derivatives (interest swaps)	4,178	-	-	-	4,178	-
Financial assets not measured at fair value						
Trade receivables	-	-	32,814	24,787	32,814	24,787
Other current assets	-	-	43,836	33,235	43,836	33,235
Prepayments	-	-	21,757	7,378	21,757	7,378
Restricted cash	-	-	2,860	2,297	2,860	2,297
Cash and cash equivalents	-	-	148,400	78,144	148,400	78,144

7.5. Liquidity risk

The Group monitors cash balances in all Group companies on both local and group levels to ensure all group companies have sufficient liquidity for day-to-day operations and to meet all liabilities as and when they fall due. The Group Treasury is responsible for ensuring sufficient liquidity for future acquisitions, development projects, debt service and other ad hoc cash requirements. The Group has access to additional funding for new development projects through the committed revolving credit facility.

7.6. Fair values of Financial Instruments

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

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

- Cash, cash equivalents, short term deposits, trade receivables, trade payables, other current assets and other current liabilities: the carrying value of these assets and liabilities is the same as the fair value due to the short-term maturity of these instruments;
- Derivatives: the fair value of derivative instruments is determined using observable market inputs based on valuations provided by brokers and as such the Group have recognised derivatives based on Level 2 of fair value hierarchy; and
- Borrowings: the carrying amount of variable rate bank borrowings corresponds with their fair market value after deducting unamortized financing costs as these are settled on an arm's length basis and interest rates are set with reference to market rates.

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

In € thousand

	Carrying amount				Fair value*
30 June 2022	**Fair value - hedging instruments**	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Total**	
Financial assets measured at fair value					
Derivatives (interest caps)	-	-	-	-	-
Derivatives (interest swaps)	11,268	-	-	11,268	11,268
Financial assets not measured at fair value					
Rent and other receivables	-	290,604	-	290,604	290,604
Cash and short-term deposits	-	151,260	-	151,260	151,260
Financial liabilities measured at fair value					
Derivatives (interest swaps)	4,178	-	-	4,178	4,178
Financial liabilities not measured at fair value					
Bank borrowings	-	-	2,795,736	2,795,736	2,800,495
Bonds	-	-	994,507	994,507	1,000,000
Shareholder borrowings	-	-	1,070,261	1,070,261	978,125
Deposits from tenants	-	-	21,835	21,835	21,835
Trade and other payables	-	-	349,076	349,076	349,076

*The fair value of borrowings and bonds is based on nominal value of the principal

In € thousand

	Carrying amount				Fair value*
	Fair value - hedging instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	
31 December 2021					
Financial assets measured at fair value					
Derivatives	3	-	-	3	3
Financial assets not measured at fair value					
Rent and other receivables	-	236,170	-	236,170	236,170
Cash and short-term deposits	-	80,441	-	80,441	80,441
Financial liabilities measured at fair value					
Derivatives	-	-	-	-	-
Financial liabilities not measured at fair value					
Bank borrowings	-	-	3,466,280	3,466,280	3,450,495
Shareholder borrowings			1,020,827	1,020,827	978,246
Deposits from tenants	-	-	17,386	17,386	17,386
Trade and other payables	-	-	349,150	349,150	349,150

*The fair value of loans is based on nominal value of the principal

7.7. Foreign currency risk

Approximately 62% of the Group's Investment property portfolio and operations are in the Eurozone, 22% in the Czech Republic, 11% in Poland and 5% in Romania. The Group's exposure to foreign currency risk is primarily limited to translation risk as all borrowings are denominated in Euros and cash flows from rental contracts are agreed in Euros (but may be payable in local currency). There is equity translation exposure as balance sheets of all entities are maintained in local currency therefore movements in exchange rates can result in translation adjustments.

8. SUBSEQUENT EVENTS

Financing activities

In July a new a €300 million 5-year senior unsecured non-recourse bilateral term loan was signed with Bank of China. The loan was drawn in August and the Group entered into a swap for the full amount.

Acquisitions and Disposals of assets

In June 2022, the Group signed a conditional purchase agreement for 2 properties in Germany, which were completed in August 2022 with a transaction value of approximately €215 million.

9. GROUP STRUCTURE

The following table outlines changes in the Group structure for the six months period ended as of 30 June 2022.

Name of company	Note	Function (code)	Participation %	Functional Currency	Country
P3 Hardivillers SAS	incorporated in 2022	AC	100%	EUR	France
P3 Saint-Sauveur SAS	incorporated in 2022	AC	100%	EUR	France
P3 Straubing GmbH	acquired in 2022	AC	100%	EUR	Germany
P3 Citadella S.R.L.	incorporated in 2022	AC	100%	EUR	Italy
P3 Assen B.V.	acquired in 2022	AC	100%	EUR	Netherlands
P3 Deventer B.V.	acquired in 2022	AC	100%	EUR	Netherlands
P3 Bucharest Lambda S.A.	incorporated in 2022	AC	100%	EUR	Romania
P3 REUS PARK S.L.U.	incorporated in 2022	AC	100%	EUR	Spain

Legend:

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