AFI Europe N.V.

Consolidated Financial Statements

As at December 31, 2023

Annual report for the year ended December 31, 2023

Contents

Building a better working world

Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

AUDITORS' REPORT

To the Shareholders of

AFI Europe N.V

We have audited the accompanying consolidated statements of financial position of AFI Europe N.V. ("the Company") as of December 31, 2023 and 2022, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations, changes in equity and their cash flows for each of the three years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards (IFRS).

Key audit matters

Key Audit Matters are those matters that were communicated, or should have been communicated, to the Company's board of directors and that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters include, among others, any matter: (1) which relates, or may relate, to significant accounts or disclosures in the financial statements and (2) that involved our professional judgment that was challenging, subjective or especially complex. The Key Audit Matter described below was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. The communication of this matter below does not change our opinion on the consolidated financial statements as a whole nor do we provide through such communication a separate opinion on this matter or on the accounts or disclosures to which they relate.

Fair value measurement of investment property and investment property under development

As described in Notes 3(G), 5 and 6 in the consolidated financial statements, the Company measures the investment properties initially at cost and in subsequent periods the investment properties are measured at fair value. Investment properties under development are also measured at fair value starting from the date when their fair value can be reliably measured. Changes in fair value are recorded in profit and loss. The balance of investment property and investment property under development as of December 31, 2023, is Euro 2,928 million, which represents 83% of the total assets.

Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

The fair value of investment property and investment property under development is determined based on valuations performed by independent external appraisers with professional qualifications suitable for the location and type of investment property being evaluated.

The fair value of the investment property is based on recent transactions in the market for similar properties and in a similar location as the properties owned by the Company, if such transactions exist, and also based on discounted cash flow projections expected to be generated by the properties.

In performing the valuation, the Company uses key assumptions, which include estimated rental income, and discount rates which are appropriate for the nature of the property and market conditions.

The fair value of the investment property under development is determined mainly according to the residual value method, and in some cases the comparison method.

The following, among others, are taken into consideration in determining the fair value: the duration of the construction of the project, the estimate of the property's rights, the rental income it will generate, the additional development costs required until the property becomes operational, the interest rate, the project's risk premium, and the capitalization rate. A change in any or all of these components could have an adverse effect on the fair value of the property as measured by the Company's management.

The valuation of investment property and investment property under development ("investment property") involves the judgment of those charged with governance and of management in making estimates and assumptions.

We identified the estimates and assumptions used in measuring the fair value of investment property as a key audit matter.

An appropriate audit of the fair value measurement of investment property requires subjective judgment by the auditor and requires knowledge and experience to assess the reasonableness of the assumptions used by management in determining the fair value of the investment properties.

Building a better working world

Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

How our audit addressed the key audit matter

In response to the uncertainties involved in determining the fair value of investment property, we performed mainly the following procedures:

- Obtaining an understanding of the internal control environment regarding the determination of the fair value of investment property and auditing the effectiveness of the internal control relevant to the determination of the fair value.
- Evaluation of key assumptions and considerations that include a wide range of perspectives and understanding the approaches used by the appraisers in determining fair value.
- Review of the methodology chosen for determining fair value and examination of its appropriateness with the characteristics of the asset.
- Assessment of the reasonableness of the underlying assumptions applied in the valuations, based on a sample of assumptions that were selected, using quantitative and qualitative considerations. Those assumptions include, among others, market rental value per square meter, capitalization rates, and results of the previous year.
- Testing the completeness and accuracy of the information and data and the proper application of the assumptions used in the model to determine the fair value.
- Assessing the reasonableness of the estimates used in comparison with practice and market data while considering recent transactions in the market.
- Review of valuations, on a sample basis, by our internal valuation specialists.
- Maintaining direct communication with the Company's appraisers as needed.

In addition, we evaluated the appropriateness of the disclosures related to the valuation methodology and assumptions used by the appraisers.

Tel-Aviv, Israel
March 14, 2024

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Consolidated statement of financial position as at December 31,

In thousands of Euros

	Note	2023	2022
Assets			
Investment in (and loans to) companies accounted for at equity	4	122,779	109,880
Investment property	5	2,635,837	2,259,748
Investment property under development	6	292,097	452,967
Inventory	7	113,341	135,143
Property, plant and equipment		8,038	2,418
Deferred tax assets	20	6,500	3,160
Trade and other receivables	9B	119,156	101,921
Total non-current assets		3,297,748	3,065,237
Inventory	7	20,575	16,415
Short term investments	8	17,184	14,594
Trade and other receivables	9A	92,391	70,547
Cash and cash equivalents	10	82,818	106,003
Total current assets		212,968	207,559
Total assets		3,510,716	3,272,796
Equity	11		
Issued capital		930	930
Share premium		411,797	411,797
Translation reserve		17,881	(3,013)
Hedging reserve, net		13,941	29,391
Retained earnings		513,943	502,581
Equity attributable to owners of the Company		958,492	941,686
Non-controlling interest		6,133	5,725
Total equity		964,625	947,411
Liabilities			
Loans and borrowings	12	1,167,125	963,240
Loans and borrowings from related parties	12,23	949,181	919,668
Deferred tax liabilities	20	168,895	165,405
Other non-current liabilities	13	28,891	26,109
Total non-current liabilities		2,314,092	2,074,422
Loans and borrowings	12	80,303	34,522
Loans and borrowings from related parties	12,23	5,230	81,823
Trade and other payables	14	142,577	130,800
Tax payables	20B(2)	3,889	3,818
Total current liabilities		231,999	250,963
Total liabilities		2,546,091	2,325,385
Total equity and liabilities		3,510,716	3,272,796

The accompanying notes are an integral part of these consolidated financial statements.

Amsterdam, March 14, 2024		
Place and date of approval of the financial statements	A. Barzilay CEO	A. Dafna CFO

Consolidated income statement for the year ended December 31,

In thousands of Euros

	Note	2023	2022	2021
Gross rental income	15	170,142	143,554	123,125
Service charge income		58,950	65,002	41,265
Service charge expenses	16	(63,410)	(70,891)	(48,736)
Net rental and related income		165,682	137,665	115,654
Proceeds from sale of trading property		11,901	20,308	75,733
Carrying value of trading properties sold	7	(8,338)	(16,998)	(55,556)
Write-down of inventory to net realizable value	7	(6,912)	(9,017)	(4,445)
Profit (loss) from disposal of trading property		(3,349)	(5,707)	15,732
Gross profit		162,333	131,958	131,386
Change in fair value of investment property	5	(25,539)	24,343	15,498
Change in fair value of investment property under development	6	6,297	6,678	15,516
Administrative expenses	17	(18,108)	(23,102)	(14,089)
Selling and marketing expenses		(4,979)	(3,503)	(4,075)
Other income	18	2,924	3,609	5,371
Other expenses	18	(2,821)	(4,222)	(2,704)
Share of earnings (losses) of companies accounted for at equity, net		(20)	(1,200)	136
Operating profit		120,087	134,561	147,039
Financial income		8,086	12,611	168
Financial expenses		(104,752)	(44,487)	(44,840)
Net financing costs	19	(96,666)	(31,876)	(44,672)
Profit before tax		23,421	102,685	102,367
Taxes on income	20	(11,586)	(24,665)	(10,963)
Profit for the year		11,835	78,020	91,404
Attributable to:				
Equity holders of the parent		11,362	77,398	91,059
Non-controlling interest		473	622	345
Profit for the year		11,835	78,020	91,404

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income for the year ended December 31,

In thousands of Euros

	2023	2022	2021
Profit for the year	11,835	78,020	91,404
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss			
Foreign exchange translation differences from foreign operations	20,894	151	6,073
Net realization of translation reserves transferred to profit or loss	-	744	120
Reserves from hedge accounting, net	(15,515)	28,804	4,431
Other comprehensive income for the year, net of tax	5,379	29,699	10,624
Total comprehensive income for the year	17,214	107,719	102,028
Attributed to:			
Equity holders of the parent	16,806	107,097	101,683
Non-controlling interest	408	622	345
Total comprehensive income for the year	17,214	107,719	102,028

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended December 31,

In thousands of Euros

	Issued capital	Share premium	Translation reserve	Hedging reserve	Capital reserve from transactions with non-controlling interest	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
Balance at January 1, 2021	930	411,797	(10,101)	(3,844)	(6,696)	336,142	728,228	5,024	733,252
Profit for the year	-	-	-	-	-	91,059	91,059	345	91,404
Share based payments	-	-	-	-	-	673	673	-	673
Realization of translation reserve from liquidation of subsidiary	-	-	120	-	-	-	120	-	120
Adjustments for translation	-	-	6,073	-	-	-	6,073	-	6,073
Reserve from hedge accounting	-	-	-	4,431	-	-	4,431	-	4,431
Dividend to non-controlling interests	-	-	-	-	-	-	-	(84)	(84)
Balance at December 31, 2021	930	411,797	(3,908)	587	(6,696)	427,874	830,584	5,285	835,869
Balance at January 1, 2022	930	411,797	(3,908)	587	(6,696)	427,874	830,584	5,285	835,869
Profit for the year	-	-	-	-	-	77,398	77,398	622	78,020
Share based payments	-	-	-	-	-	4,005	4,005	-	4,005
Net realization of translation reserves transferred to profit and loss	-	-	744	-	-	-	744	-	744
Adjustments for translation	-	-	151	-	-	-	151	-	151
Reserve from hedge accounting	-	-	-	28,804	-	-	28,804	-	28,804
Dividend to non-controlling interests	-	-	-	-	-	-	-	(182)	(182)
Balance at December 31, 2022	930	411,797	(3,013)	29,391	(6,696)	509,277	941,686	5,725	947,411
Balance at January 1, 2023	930	411,797	(3,013)	29,391	(6,696)	509,277	941,686	5,725	947,411
Profit for the year	-	-	-	-	-	11,362	11,362	473	11,835
Adjustments for translation	-	-	20,894	-	-	-	20,894	-	20,894
Reserve from hedge accounting	-	-	-	(15,450)	-	-	(15,450)	(65)	(15,515)
Balance at December 31, 2023	930	411,797	17,881	13,941	(6,696)	520,639	958,492	6,133	964,625

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended December 31,

In thousands of Euros

	2023	2022	2021
Cash flows from operating activities			
Profit for the year	11,835	78,020	91,404
Adjustment for:			
Depreciation	840	803	781
Gain from disposal of subsidiary, net	-	(299)	-
Other income from equity accounted investee	-	-	(3,392)
Share of losses (earnings) of companies accounted for at equity, net	20	1,200	(136)
Change in fair value of investment property under development	(6,297)	(6,678)	(15,516)
Change in fair value of investment property	25,539	(24,343)	(15,498)
Write-down of inventory to net realizable value	6,912	9,017	4,445
Share-based payment transactions	-	4,005	673
Net finance costs	96,666	31,876	44,672
Taxes on income	11,586	24,665	10,963
	147,101	118,266	118,396
Change in inventories	(7,286)	(15,831)	32,794
Change in trade and other receivables	(13,323)	120	(8,625)
Change in trade and other payables	4,779	24,643	(8,541)
	131,271	127,198	134,024
Income taxes paid	(10,935)	(9,608)	(8,854)
Cash flows from operating activities	120,336	117,590	125,170
Cash flows from investing activities			
Investment in and grant of loan to companies accounted for at equity, net	(3,407)	(1,968)	(1,188)
Acquisition of subsidiaries, net of cash acquired (B)	-	(57,180)	(47,506)
Proceeds from sale of Subsidiaries, including advances	-	1,902	2,200
Repayments (investments) of short term investments, net	(7,681)	(13,412)	8,011
Acquisition of property, plant and equipment	(2,120)	(886)	(343)
Investment in investment property	(46,292)	(46,737)	(24,142)
Investment in investment property under development (**)	(196,788)	(184,920)	(143,309)
Tax paid from selling investment properties	-	-	(1,427)
Cash flows used in investing activities	(256,288)	(303,201)	(207,704)
Cash flows from financing activities			
Repayment of non-current loans and borrowings (*)	(233,995)	(521,239)	(137,609)
Proceeds from non-current loans and borrowings (*)	382,192	769,319	257,242
Change in current loans and borrowings, net	8,064	(3,707)	(15,639)
Payment of finance lease liabilities	(1,808)	(1,363)	(1,266)
Interest paid	(41,989)	(31,466)	(27,298)
Cash flows from financing activities	112,464	211,544	75,430

(*) including loans from related parties

(**) including advances for investment properties under development

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended December 31,

In thousands of Euros

	2023	2022	2021
Change in cash and cash equivalents	(23,488)	25,933	(7,104)
Cash and cash equivalents at the beginning of the year	106,003	82,286	89,340
Effect of exchange rate fluctuations on cash held	303	(2,216)	50
Cash and cash equivalents at the end of the year	82,818	106,003	82,286
(A) Significant non-cash transactions:			
Current liability for acquisition of subsidiary (*)	-	(53,852)	-
(B) Acquisition of subsidiaries:			
Assets and liabilities at date of acquisition:			
Working capital (excluding cash and cash equivalents)	-	6	372
Deposit for short term	-	-	2,562
Investment in associate	-	106,049	(2,701)
Loan to associate company	-	4,977	(4,107)
Investment property	-	-	96,857
Income tax receivables	-	-	8
Loans and borrowings	-	-	(43,925)
Non-current liabilities	-	-	(1,560)
Current liability for acquisition of subsidiary	-	(53,852)	-
	-	57,180	47,506

(*) for further information, please refer to Note 4(1)(E).

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 - General

AFI Europe N.V. (the "**Company**") was incorporated in the Netherlands in 2006 and is domiciled in Amsterdam.

Through its subsidiaries, the Company is an owner, manager and developer of landmark real estate assets in Central and Eastern Europe (CEE), with properties and projects in Czech Republic, Poland, Romania, Serbia, Bulgaria and Latvia, including business parks and office complexes, shopping malls and retail properties, as well as residential and mixed-use developments. In addition, the Company owns an inventory of land for future development.

The consolidated financial statements of the Company as at and for the year ended December 31, 2023 comprises the Company, its subsidiaries (together the "**Group**"), and the Group's interest in associates and jointly controlled entities.

Since its incorporation in 2006, the Company was a wholly-owned subsidiary of AFI Properties Holdings Ltd., an Israeli company wholly owned by AFI Properties Ltd. ("**AFI Properties**"), an Israeli Company listed on the Tel Aviv Stock Exchange, which is approximately 89% owned by Big Shopping Centers Ltd..

AFI Properties has provided to the Company and its subsidiaries intercompany loans, the aggregate outstanding balance of which, effective as at December 31, 2023, is approx. EUR 954.4 million (December 31, 2022: EUR 1,001.5 million).

As at December 31, 2023, the Group's current liabilities exceeded its current assets by an amount of EUR 19,031 thousand, which is mainly attributed to a bank loan related to an investment property in Poland, in a total amount of EUR 26,076 thousand, which is classified as current loans and borrowings, because its contractual maturity date is in less than 12 months. The Group is in process of refinancing this loan with a new loan having a later maturity date, and the Company's management expects to sign the new loan agreement before the existing contractual maturity date.

Note 2 - Basis of Preparation

A. Statement of compliance

The consolidated financial statements have been prepared for the purpose of inclusion in the consolidated financial statements of AFI Properties, in accordance with International Financial Reporting Standards (“**IFRSs**”).

The consolidated financial statements were authorized for issue by the company's Board of Directors on March 14, 2024.

These IFRS consolidated financial statements are not the statutory financials of the Company. The Company has to file financial statements under Dutch Law for the fiscal year ended December 31, 2023 with the Chamber of Commerce of Amsterdam.

B. Functional and presentation currency

The consolidated financial statements are presented in Euros, which is the Company’s functional currency, and have been rounded to the nearest thousands, except when otherwise indicated. The Euro is the currency that represents the principal economic environment in which the Company operates. Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

C. Basis of measurement

The consolidated financial statements have been prepared on a cost basis except for:

- Investment property and investment property under development measured at fair value;
- Deferred tax assets and liabilities;
- Financial instruments and derivatives measured at fair value through profit or loss;
- Investments in associates and joint ventures; and
- Non-current assets.

For further information regarding the measurement of these assets and liabilities see Note 3 regarding significant accounting policies.

D. Operating cycle

The Group has two operating cycles. With regards for the entrepreneurial residential sector, the operating cycle of the Group is longer than one year and lasts up to three years. With regards for the Group's other operations, the operating cycle is one year. As a result, current assets and current liabilities relating to the entrepreneurial residential sector, include also items the realization of which is intended and anticipated to take place within the operating cycle of up to three years.

Note 2 - Basis of Preparation (cont'd)

E. Use of significant estimates and judgments

Use of estimates
The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of accounting estimates used in the preparation of the Group's financial statements requires management of the Company to make assumptions regarding circumstances and events that involve considerable uncertainty. Management of the Company prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate.

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

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following notes:

Estimate	Principal assumptions	Possible effects	Reference
Recognition of deferred tax asset in respect of tax losses	The probability that in the future there will be taxable profits against which carried forward losses can be utilized	Recognition or reversal of deferred tax asset in profit or loss	For information on losses for which a deferred tax asset was recognized, see Note 20 regarding taxes on income.
Assessment of probability of contingent liabilities	Whether it is more likely than not that an outflow of economic resources will be required in respect of legal claims pending against the Company and its investees	Reversal or creation of a provision for a claim	For information on the Company's exposure to claims see Note 22 regarding contingent liabilities
Fair value measurement of investment property and investment property under development	The expected yield on the investment property and investment property under development asset	Profit or loss from a change in the fair value of investment property and investment property under development	For information on the effect of changes in the expected yields on the fair value of investment property see Note 5 and 6 regarding investment property and investment property under development

Note 2 - Basis of Preparation (cont'd)

E. Use of significant estimates and judgments (cont'd)

Estimate	Principal assumptions	Possible effects	Reference
Fair value measurement of non-trading derivatives	Unobservable inputs used in the valuation model such as discount rates	Profit or loss from a change in the fair value of derivative financial instruments	For information on a sensitivity analysis of level 3 financial instruments carried at fair value see Note 21 regarding financial instruments
Impairment testing of balances of inventory of land and inventory of residential apartments	The estimated net realizable value of balances of non-current inventory of land and inventory of residential apartments. The net realizable value of residential apartments is based on the project's estimated revenues and expected costs. The net realizable value of land is based on a valuation prepared using the comparison technique	Recognition or reversal of an impairment loss.	For information on impairment that was recognized see Note 7 regarding inventory of land and residential apartments.
Uncertain tax positions	The extent of the certainty that the Group's tax positions will be accepted (uncertain tax positions) and the risk of it incurring any additional tax and interest expenses. This is based on an analysis of a number of matters including interpretations of tax laws and the Group's past experience	Recognition of additional income tax expenses	For information on tax assessments that were received see Note 20 regarding taxes on income
Determining how performance obligations are satisfied in residential projects	When determining that control over residential units is transferred to the customer over time and therefore revenue should be recognized over time, the Group relies on legal opinions, provisions of the contract and relevant local laws (the countries examined are Serbia, Romania, Czech Republic, Latvia, Poland and Bulgaria) excluding Bulgaria, indicating that the Group does not have an enforceable right to payment for performance completed to date.	A change in the timing of recognizing revenue.	See Note 15 regarding revenue from contracts with customers.

Note 2 - Basis of Preparation (cont'd)

E. Use of significant estimates and judgments (cont'd)

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- Level 3: inputs that are not based on observable market data (unobservable inputs).

Further information about the assumptions that were used to determine fair value is included in the following notes:

- Note 5 on investment property;
- Note 6 on investment property under development;
- Note 21 on financial instruments; and
- Note 4 and 7 on non-current assets.

Note 2 - Basis of Preparation (cont'd)

F. Changes in accounting policies

1. Initial application of amendments to standards

As from January 1, 2023 the Group applies the amendments to the standards described below:

Standard/amendment/ Interpretation	The requirements of the publication	Effective date and transitional provisions	Effects
Amendment to IAS 8, *"Accounting Policies, Changes to Accounting Estimates and Errors"*	In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates". Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.	The Amendment is applied prospectively for annual reporting periods beginning on January 1, 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.	The application of the Amendment did not have a material impact on the Company's consolidated financial statements.
Amendment to IAS 12, *"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"*	In May 2021, the IASB issued an amendment to IAS 12, "Income Taxes" ("IAS 12"), which narrows the scope of the initial recognition exception under IAS 12.15 and IAS 12.24 ("the Amendment"). According to the recognition guidelines of deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from the initial recognition of certain transactions. This exception is referred to as the "initial recognition exception". The Amendment narrows the scope of the initial recognition exception and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from transactions that are not a business combination and that give rise to equal taxable and deductible temporary differences, even if they meet the other criteria of the initial recognition exception.	The Amendment applies for annual reporting periods beginning on January 1, 2023. The cumulative effect of the initial application of the Amendment is recognized as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at that date.	The application of the Amendment did not have a material impact on the Company's consolidated financial statements.

Note 2 - Basis of Preparation (cont'd)

F. Changes in accounting policies (Cont'd)

1. Initial application of amendments to standards (Cont'd)

Standard/amendment/ Interpretation	The requirements of the publication	Effective date and transitional provisions	Effects
Amendment to IAS 1, *"Disclosure of Accounting Policies"*	In February 2021, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("the Amendment"), which replaces the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. One of the main reasons for the Amendment is the absence of a definition of the term 'significant' in IFRS whereas the term 'material' is defined in several standards and particularly in IAS 1.	The Amendment is applicable for annual periods beginning on January 1, 2023.	The application of the Amendment had an effect on the disclosures of the Company's accounting policies, but did not affect the measurement, recognition or presentation of any items in the Company's consolidated financial statements.
Amendment to IAS 12, *"Income Taxes"*	In May 2023, the IASB issued "International Tax Reform—Pillar Two Model Rules – Amendment to IAS 12" ("the Amendment") to clarify the application of IAS 12, "Income Taxes", to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The Amendment introduces: (a) A mandatory temporary exception from the application of IAS 12 regarding recognition and disclosure of deferred tax assets and liabilities arising from the implementation of the Pillar Two model rules; and (b) Disclosure requirements for international entities affected by the international tax reform.	The mandatory temporary exception in (a) above – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on January 1, 2023.	The application of the Amendment did not have any impact on the Company's consolidated financial statements since the International Tax Reform does not apply to the Group whose annual revenues are less than € 750 million.

Note 3 – Significant Accounting Policies

A. Consolidated financial statements

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a change in equity by adjusting the carrying amount of the non-controlling interests with a corresponding adjustment of the equity attributable to equity holders of the Company less / plus the consideration paid or received.

Upon the disposal of a subsidiary resulting in loss of control, the Company:

- derecognizes the subsidiary's assets (including goodwill) and liabilities.
- derecognizes the carrying amount of non-controlling interests.
- derecognizes the adjustments arising from translating financial statements carried to equity.
- recognizes the fair value of the consideration received.
- recognizes the fair value of any remaining investment.
- reclassifies the components previously recognized in other comprehensive income (loss) on the same basis as would be required if the subsidiary had directly disposed of the related assets or liabilities.
- recognizes any resulting difference (surplus or deficit) as gain or loss.

B. Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The cost of the acquisition is measured at the fair value of the consideration transferred on the acquisition date with the addition of non-controlling interests in the acquiree. In each business combination, the Company chooses whether to measure the non-controlling interests in the acquiree based on their fair value on the acquisition date or at their proportionate share in the fair value of the acquiree's net identifiable assets.
Direct acquisition costs are carried to the statement of profit or loss as incurred.
In a business combination achieved in stages, equity interests in the acquiree that had been held by the acquirer prior to obtaining control are measured at the acquisition date fair value while recognizing a gain or loss resulting from the revaluation of the prior investment on the date of achieving control.

Note 3 - Significant Accounting Policies (cont'd)

B. Business combinations and goodwill (Cont'd)

Contingent consideration is recognized at fair value on the acquisition date and classified as a financial asset or liability in accordance with IAS 39. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss. If the contingent consideration is classified as an equity instrument, it is measured at fair value on the acquisition date without subsequent remeasurement.

C. Investment in joint arrangements

Joint arrangements are arrangements in which the Company has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

1. Joint ventures:

In joint ventures the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture is accounted for at equity.

2. Joint operations:

In joint operations the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Company recognizes in relation to its interest its share of the assets, liabilities, revenues and expenses of the joint operation.

The acquisition of interests in a joint operation which represents a business, as defined in IFRS 3, is accounted for using the acquisition method, including the measurement of the identifiable assets and liabilities at fair value, the recognition of deferred taxes arising from this measurement, the accounting treatment of the related transaction costs and the recognition of goodwill or bargain purchase gains. This applies to the acquisition of the initial interest and additional interests in a joint operation that represents a business.

D. Investment in associates

Associates are companies in which the Group has significant influence over the financial and operating policies without having control. The investment in an associate is accounted for using the equity method.

E. Investments accounted for using the equity method

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in the associate or in the joint venture is presented at cost with the addition of post-acquisition changes in the Group's share of net assets, including other comprehensive income of the associate or the joint venture. Gains and losses resulting from transactions between the Group and the associate or the joint venture are eliminated to the extent of the interest in the associate or in the joint venture.

Note 3 - Significant Accounting Policies (cont'd)

E. Investments accounted for using the equity method (Cont'd)

Goodwill relating to the acquisition of an associate or a joint venture is presented as part of the investment in the associate or the joint venture, measured at cost and not systematically amortized. Goodwill is evaluated for impairment as part of the investment in the associate or in the joint venture as a whole.

The financial statements of the Company and of the associate or joint venture are prepared as of the same dates and periods. The accounting policies applied in the financial statements of the associate or the joint venture are uniform and consistent with the policies applied in the financial statements of the Group.

Upon the acquisition of an associate or a joint venture achieved in stages when the former investment in the acquiree was accounted for pursuant to the provisions of IFRS 9, the Group applies the principles of IFRS 3 regarding business combinations achieved in stages. Consequently, equity interests in the acquiree that had been held by the Group prior to achieving significant influence or joint control are measured at fair value on the acquisition date and are included in the acquisition consideration while recognizing a gain or loss resulting from the fair value measurement.

Losses of an associate in amounts which exceed its equity are recognized by the Company to the extent of its investment in the associate plus any losses that the Company may incur as a result of a guarantee or other financial support provided in respect of the associate. For this purpose, the investment includes long-term receivables (such as loans granted) for which settlement is neither planned nor likely to occur in the foreseeable future.

The equity method is applied until the loss of significant influence in the associate or loss of joint control in the joint venture or classification as investment held for sale.

The Company continues to apply the equity method even in cases where the investment in the associate becomes an investment in a joint venture and vice versa. The Company applies the provisions of IFRS 5 to the investment or a portion of the investment in the associate or the joint venture that is classified as held-for-sale. Any retained interest in this investment which is not classified as held-for-sale continues to be accounted for using the equity method.

On the date of loss of significant influence or joint control, the Group measures any remaining investment in the associate or the joint venture at fair value and recognizes in profit or loss the difference between the fair value of any remaining investment plus any proceeds from the sale of the investment in the associate or the joint venture and the carrying amount of the investment on that date.

F. Functional currency, presentation currency and foreign currency

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences, other than those capitalized to qualifying assets or accounted for as hedging transactions in equity, are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Note 3 - Significant Accounting Policies (cont'd)

G. Investment property

An investment property is property (land or a building or both) held by the owner (lessor under an operating lease) or by the lessee under a lease to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

Investment property is derecognized on disposal or when the investment property ceases to be used and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of the disposal.

In subsequent periods the investment property is measured at fair value with any changes therein recognized in profit or loss. Investment property under construction is measured at fair value when its value can be reliably determined. Borrowing costs are capitalized to investment property under construction measured at fair value.

Investment property is measured initially at cost, including costs directly attributable to the acquisition. After initial recognition, investment property is measured at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss when they arise. Investment property is not systematically amortized.

Investment property under construction for future use as investment property is also measured at fair value, as above, if fair value can be reliably measured. If fair value cannot be reliably measured, due to the nature and risks of the project, then it is measured at cost less impairment losses, if any, until the earlier of the date when the fair value can be reliably measured and the date when construction is complete. The cost basis of investment property under construction includes cost of land, costs of borrowings that are used to finance construction, directly attributable incremental planning and development costs and brokerage fees relating to agreements to lease the property.

In determining the fair value of investment property, the Group relies on valuations performed by external valuation specialists who are experts in real estate valuations and who have the necessary knowledge and experience and by the Group management which has extensive professional experience and by internal valuation specialists.

H. Property, plant and equipment

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and any related investment grants and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with plant and equipment.

A part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately using the component method.

The cost of an item of property, plant and equipment comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which the item is located.

Note 3 - Significant Accounting Policies (cont'd)

H. Property, plant and equipment (Cont'd)

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

●	Equipment and computers	3-16 years
●	Motor vehicles	4-7 years

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Group and intended to be exercised) and the useful life of the improvement.

I. Financial instruments

(1) Non-derivative financial assets

Initial recognition and measurement of financial assets
The Group initially recognizes trade receivables and debt instruments issued on the date that they are created. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price. Receivables originating from contract assets are initially measured at the carrying amount of the contract assets on the date classification was changed from contract asset to receivables.

Derecognition of financial assets
Financial assets are derecognized when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. When the Group retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

Classification of financial assets into categories and the accounting treatment of each category
Financial assets are classified at initial recognition to one of the following measurement categories: amortized cost; fair value through other comprehensive income – investments in debt instruments; fair value through other comprehensive income – investments in equity instruments; or fair value through profit or loss.

Financial assets are not reclassified in subsequent periods unless, and only if, the Group changes its business model for the management of financial debt assets, in which case the affected financial debt assets are reclassified at the beginning of the period following the change in the business model.

Note 3 - Significant Accounting Policies (cont'd)

I. Financial instruments (cont'd)

(1) Non-derivative financial assets (cont'd)

Classification of financial assets into categories and the accounting treatment of each category (cont'd)
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets so as to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows representing solely payments of principal and interest on the principal amount outstanding on specified dates.

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

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

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above, as well as financial assets designated at fair value through profit or loss, are measured at fair value through profit or loss.

The Group has balances of trade and other receivables and deposits that are held within a business model whose objective is collecting contractual cash flows. The contractual cash flows of these financial assets represent solely payments of principal and interest that reflects consideration for the time value of money and the credit risk. Accordingly, these financial assets are measured at amortized cost.

Assessment of the business model for debt assets
The Group assesses the objective of the business model within which the financial asset is held on the level of the portfolio, since this best reflects the manner by which the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for purposes of assessment of the business model, consistent with the Group's continuing recognition of those financial assets. Financial assets held for trading or that are managed and whose performance is assessed on a fair value basis, are measured at fair value through profit or loss.

Assessment whether cash flows are solely payments of principal and interest
For the purpose of assessing whether the cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition, 'interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other risks and basic costs of a loan, as well as a profit margin.

In its assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Note 3 - Significant Accounting Policies (cont'd)

I. Financial instruments (cont'd)

(1) Non-derivative financial assets (cont'd)

Assessment whether cash flows are solely payments of principal and interest (cont'd)
A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation, received or paid, for early termination of the contract. Additionally, for a financial asset acquired at a significant premium or discount compared to its contractual stated value, a feature that permits or requires prepayment at an amount that substantially represents the contractual stated value plus accrued (but unpaid) interest (which may also include reasonable additional compensation, received or paid, for early termination), is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

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

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

(2) Non-derivative financial liabilities

Non-derivative financial liabilities include loans and borrowings from banks, related parties and others, finance lease liabilities and trade and other payables.

Initial recognition of financial liabilities
The Group initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Subsequent measurement of financial liabilities
Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Transaction costs directly attributable to an expected issuance of an instrument that will be classified as a financial liability are recognized as an asset in the framework of deferred expenses in the statement of financial position. These transaction costs are deducted from the financial liability upon its initial recognition or are amortized as financing expenses in the statement of income when the issuance is no longer expected to occur.

De-recognition of financial liabilities
Financial liabilities are derecognized when the obligation of the Group, as specified in the agreement, expires or when it is discharged or cancelled.

Note 3 - Significant Accounting Policies (cont'd)

I. Financial instruments (cont'd)

(2) Non- derivative financial liabilities (cont'd)

Substantial modification in terms of debt instruments
An exchange of debt instruments having substantially different terms, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Furthermore, a substantial modification of the terms of an existing financial liability, or an exchange of debt instruments having substantially different terms between an existing borrower and lender, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value.

Substantial modification in terms of debt instruments (cont'd)
In such cases the entire difference between the amortized cost of the original financial liability and the fair value of the new financial liability is recognized in profit or loss as financing income or expense.

The terms are substantially different if the discounted present value of the cash flows according to the new terms, including any commissions paid, less any commissions received and discounted using the original effective interest rate, is different by at least ten percent from the discounted present value of the remaining cash flows of the original financial liability.

Offset of financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(3) Derivative financial instruments, including hedge accounting

The Group holds both derivative financial instruments to hedge its interest rate risk exposures and derivatives that do not serve hedging purposes.

Hedge accounting

The Group designates certain derivatives as hedging instruments in order to hedge changes in cash flows that relate to highly probable forecasted transactions, and which derive from changes in foreign currency exchange rates and changes in the linkage component and flow in respect of CPI-linked loans and changes in the flow and interest on variable-rate loans.

At the inception of the hedging relationship the Group documents its risk management objective and its hedging strategy. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and the hedging instrument are expected to offset each other.

Note 3 - Significant Accounting Policies (cont'd)

I. Financial instruments (cont'd)

(3) Derivative financial instruments, including hedge accounting (cont'd)

Cash flow hedges

When a derivative instrument is designated as a cash flow hedge, the effective portion of the changes in fair value of the derivative is recognized in other comprehensive income, directly within a hedging reserve. The effective portion of changes in fair value of a derivative, recognized in other comprehensive income, is limited to the cumulative change in fair value of the hedged item (based on present value), from inception of the hedge. The change in fair value in respect of the ineffective portion is recognized immediately in profit or loss.

If the hedge no longer qualifies as an accounting hedge, or the hedging instrument is sold, expires, cancelled or realized, hedge accounting is discontinued on a prospective basis. When hedge accounting is discontinued, the amounts accumulated in the past in the hedging reserve and cost of hedging reserve remain in the reserve, until such time as they are reclassified to profit or loss in the period, or periods, in which the hedged forecasted future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, the amounts accumulated in the past in the hedging reserve and cost of hedging reserve are immediately reclassified to profit or loss.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge financial assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss as part of foreign currency gains and losses.

(4) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and share options are recognized as a deduction from equity, net of any tax effects.

J. Intangible assets

Goodwill
Goodwill that arises upon the acquisition of subsidiaries is presented as part of intangible assets. For information on measurement of goodwill at initial recognition, see Note 3(A).
In subsequent periods goodwill is measured at cost less accumulated impairment losses.

K. Inventory

Inventory consists of inventory of land and inventory of buildings.

(1) Inventory of land

Inventory of land is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Note 3 - Significant Accounting Policies (cont'd)

K. Inventory (Cont'd)

(2) Inventory of building

Inventory of buildings includes residential property intended for sale in the ordinary course of business or in the process of construction or development for such sale. Inventory of buildings is measured at the lower of cost and net realizable value. Cost of inventory includes the costs incurred in acquiring the inventory and bringing it to its existing location and condition. In the case of inventory under construction and inventory of completed buildings, cost includes an appropriate share of construction overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the inventory are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs continues until the inventory is substantially ready for their intended use. The capitalization rate is determined by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, to the average rate.

When inventory becomes investment property or investment property under development measured at fair value, any difference between the fair value of the property on that date and its previous carrying value is included directly in profit or loss.

L. Impairment

(1) Non-derivative financial assets

The Group recognizes a provision for expected credit losses in respect of:
- Financial assets at amortized cost; and
- Lease receivables.

The Group measures the provision for expected credit losses at an amount equal to the full lifetime expected credit losses, other than the provisions hereunder that are measured at an amount equal to the 12-month expected credit losses:
- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debts instruments and deposits, for which credit risk has not increased significantly since initial recognition.

The Group has elected to measure the provision for expected credit losses in respect of receivables and lease receivables at an amount equal to the full lifetime credit losses of the instrument.
Lifetime expected credit losses are expected credit losses that result from all possible default events over the expected life of the financial asset.
12-month expected credit losses are the expected credit losses that result from possible default events within the 12 months after the reporting date.
The maximum period considered when assessing expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Note 3 - Significant Accounting Policies (cont'd)

L. Impairment (Cont'd)

(1) Non-derivative financial assets (Cont'd)

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt instruments at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of provision for expected credit losses in the statement of financial position
Provisions for expected credit losses of financial assets measured at amortized cost are deducted from the gross carrying amount of the financial assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group does not have reasonable expectations of recovering a financial asset at its entirety or a portion thereof. This is usually the case when the Group determines that the debtor does not have assets or sources of income that may generate sufficient cash flows for paying the amounts being written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Write-off constitutes a de-recognition event.

(2) Non-financial assets

Timing of impairment testing
The carrying amounts of the Group's non-financial assets, other than investment property, investment property under development, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Once a year and on the same date, or more frequently if there are indications of impairment, the Group estimates the recoverable amount of each cash generating unit that contains goodwill, or intangible assets that have indefinite useful lives or are unavailable for use.

Determining cash-generating units
For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Measurement of recoverable amount
The recoverable amount of an asset or cash generating unit is the greater of its value in use and its net selling price (fair value less costs of disposal). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the assessments of market participants regarding the time value of money and the risks specific to the asset or cash generating unit, for which the estimated future cash flows from the asset or cash generating unit were not adjusted.

Note 3 - Significant Accounting Policies (cont'd)

L. Impairment (Cont'd)

(2) Non-derivative financial assets (Cont'd)

Allocation of goodwill to cash generating units
Subject to an operating segment ceiling test (before the aggregation of similar segments), for the purposes of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.
Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

For purposes of goodwill impairment testing, the carrying amount of the goodwill is adjusted according to the rate the Company holds in the cash-generating unit to which the goodwill is allocated.

Recognition of impairment loss
An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. As regards cash-generating units that include goodwill, an impairment loss is recognized when the carrying amount of the cash-generating unit, after adjustment for goodwill, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

Allocation of impairment loss to non-controlling interests
An impairment loss is allocated between the owners of the Company and the non-controlling interests on the same basis that the profit or loss is allocated. Nevertheless, if an impairment loss allocated to Non-controlling interests relates to goodwill that was not recognized in the consolidated financial statements, the said impairment is not recognized as an impairment loss on goodwill. In such cases, only an impairment loss relating to goodwill that was allocated to the owners of the Company is recognized as an impairment loss on goodwill.

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

(3) Investments in associates and joint ventures

An investment in an associate company and joint venture is tested for impairment when objective evidence indicates there has been impairment (as described in Paragraph (1) above). Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately.

If objective evidence indicates that the value of the investment may have been impaired, the Group estimates the recoverable amount of the investment, which is the greater of its value in use and its net selling price.

Note 3 - Significant Accounting Policies (cont'd)

L. Impairment (Cont'd)

(3) Investments in associates and joint ventures (Cont'd)

In assessing value in use of an investment in an associate company or joint venture, the Group estimates its share of the present value of estimated future cash flows that are expected to be generated by the an associate company or joint venture, including cash flows from operations of the associate company or joint venture and the consideration from the final disposal of the investment, or the present value of the estimated future cash flows that are expected to be derived from dividends that will be received and from the final disposal.

An impairment loss is recognized when the carrying amount of the investment, after applying the equity method, exceeds its recoverable amount, and it is recognized in profit or loss.
An impairment loss is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment in the associate company or in the joint venture.

An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of the investment after the impairment loss was recognized, and only to the extent that the investment's carrying amount, after the reversal of the impairment loss, does not exceed the carrying amount of the investment that would have been determined by the equity method if no impairment loss had been recognized.

M. Non-current assets or disposal groups held for sale and discontinued operations

Non-current assets or a disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition, the Group must be committed to sell, there must be a program to locate a buyer and it is highly probable that a sale will be completed within one year from the date of classification. From the date of such initial classification, these assets are no longer depreciated and are presented separately as current assets at the lower of their carrying amount and fair value less costs to sell.
Other comprehensive income (loss) in respect of an assets or a group of non-current assets that are classified as held for sale is presented separately in equity.
When an entity no longer plans to sell an asset in a sale transaction, it ceases the classification of the asset as held for sale and measures it at the lower of its carrying amount had it not been classified as held for sale or the recoverable amount of the asset on the date of the decision not to sell the asset.
A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale. The operating results relating to the discontinued operation are presented separately in profit or loss, net of the tax effect

N. Capitalization of borrowing costs

The Group capitalizes borrowing costs that are attributable to the acquisition, construction or production of qualifying assets which necessarily take a substantial period of time to get ready for their intended use or sale.
The capitalization of borrowing costs commences when expenditures for the asset are incurred, the activities to prepare the asset are in progress and borrowing costs are incurred and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. The amount of borrowing costs capitalized in the reporting period includes specific borrowing costs and general borrowing costs based on a weighted capitalization rate

Note 3 - Significant Accounting Policies (cont'd)

O. Provisions

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement

Legal claims
A provision for claims is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Group to settle the obligation and a reliable estimate can be made of the amount of the obligation.

P. Revenue

(1) Rental income

Rental income from investment property is recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

(2) Sale of inventory of real estate and residential apartments

The Group recognizes revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

The Group has performed a detailed examination of the effects of applying the new standard on the revenue recognition in general and specifically about revenue from the sale of residential units, i.e., whether revenue would continue to be recognized at a point in time upon delivery of the units or should it be recognized over time in accordance with the stage of completion of the project and the obtains of control.

As part of the assessment whether IFRS 15.35c is met, the Group examined, with the assistance of its legal advisors, the relevant local legislation and regulations in each country (the countries examined are Serbia, Czech Republic, Poland, Romania, Latvia and Bulgaria), as well as the provisions of the sale contracts with customers,. Except in Bulgaria, there is an enforceable right to payment for performance completed to date, and an asset with alternative use to the entity is not created. Following the examination mentioned above, the Group concluded that the early adoption of the new standard does not have a material effect on the revenue recognition from the sale of residential units, as IFRS15.35c is not met, and accordingly revenues from the sale of residential units will continue to be recognized upon delivery of the units, except in Bulgaria, where revenues are recognized over time.

Note 3 - Significant Accounting Policies (cont'd)

P. Revenue (cont'd)

(2) Sale of inventory of real estate and residential apartments (cont'd)

Identifying the contract
The Group accounts for a contract with a customer only when the following conditions are met:
(a) The parties to the contract have approved the contract (in writing, orally or according to other customary business practices) and they are committed to satisfying the obligations attributable to them;
(b) The Group can identify the rights of each party in relation to the goods or services that will be transferred;
(c) The Group can identify the payment terms for the goods or services that will be transferred;
(d) The contract has a commercial substance (i.e. the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and
(e) It is probable that the consideration, to which the Group is entitled to in exchange for the goods or services transferred to the customer, will be collected.

If a contract with a customer does not meet all of the above criteria, consideration received from the customer is recognized as a liability until the criteria are met or when one of the following events occurs: the Group has no remaining obligations to transfer goods or services to the customer and any consideration promised by the customer has been received and cannot be returned; or the contract has been terminated and the consideration received from the customer cannot be refunded.

Identifying performance obligations
On the contract's inception date the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:
(a) Goods or services (or a bundle of goods or services) that are distinct; or
(b) A series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

In the entrepreneurial real estate sector, following an examination of the existing performance obligations in contracts with customers for the sale of apartments, the Group has identified one performance obligation in each contract with a customer.

Determining the transaction price
The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties. The Group takes into account the effects of all the following elements when determining the transaction price: variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the customer.

Satisfaction of performance obligations
Revenue is recognized when the Group satisfies a performance obligation by transferring to the customer control over promised goods or services.
In the international entrepreneurial real estate sector, based on the sale contracts with the customers, the provisions of local law and additional commercial characteristics in the countries in which the Group operates, as well as on the basis of legal opinions, the Group has reached the

Note 3 - Significant Accounting Policies (cont'd)

P. Revenue (cont'd)

(2) Sale of inventory of real estate and residential apartments (cont'd)

Satisfaction of performance obligations (cont'd)

conclusion that it does not have an enforceable right to payment for performance completed to date and also that the asset is not controlled by the customer while it is being created.

Therefore, the Group satisfies the performance obligation at a point in time. Meaning, revenue will continue to be recognized at a point in time.

In order to determine the point in time at which the customer obtains control over the promised asset, the Group takes into account indications that control has been transferred, which include but are not limited to the following indications:
(a) The Group has a present right to payment for the asset.
(b) The customer has legal title to the asset.
(c) The entity has transferred physical possession of the asset.
(d) The customer has the significant risks and rewards related to the ownership of the asset.
(e) The customer has accepted the asset.

Accordingly, control over the residential unit is transferred at a point in time, and revenue is recognized upon the delivery of the unit to the customer.

In regard to management and maintenance services in the investment property sector, revenue from rental income and operation services is recognized over time in the reporting period in which the services are provided, since the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group provides such services.

Measurement of progress towards satisfying performance obligations
In the income-producing real estate sector, total consideration in certain contracts includes a fixed component and a variable component (such as rental fees that are contingent upon revenues). Fixed amounts are recognized on a straight-line basis over the period in which the services are provided. Variable amounts are usually recognized in the period in which the related services were provided, to the extent they are attributable to the Group's efforts to satisfy a performance obligation in that period and this method of recognition reflects the amount to which the Group is entitled for the services provided to the customer.

In addition, in cases where the Group has a right to consideration from the customer in an amount that corresponds directly to the value to the customer of the Group's performance completed to date, the Group applies the practical expedient provided in the standard and recognizes revenue in the amount it is permitted to invoice.

Contract asset and contract liability
A contract asset is recognized when the Group has a right to consideration for goods or services it transferred to the customer that is conditional on other than the passing of time, such as future performance of the Group. Contract assets are classified as receivables when the rights in their respect become unconditional.

A contract liability is recognized when the Group has an obligation to transfer goods or services to the customer for which it received consideration (or the consideration is payable) from the customer.

Note 3 - Significant Accounting Policies (cont'd)

P. Revenue (cont'd)

(2) Sale of inventory of real estate and residential apartments (cont'd)

Principal or agent
When another party is involved in providing goods or services to the customer, the Group examines whether the nature of its promise is a performance obligation to provide the defined goods or services itself, which means the Group is a principal and therefore recognizes revenue in the gross amount of the consideration, or to arrange that another party provide the goods or services which means the Group is an agent and therefore recognizes revenue in the amount of the net commission.

(3) Rendering of services
Revenue from services rendered (such as project management) is recognized in the income statement in the period in which the services are rendered and are measured at fair value.

Q. Expenses

(1) Service costs and property operating expenses
Service costs for service contracts entered into and property operating expenses are recognized in profit or loss as incurred.

(2) Financing income and expenses

Finance income comprises interest income on funds invested including dividend income, gains on the disposal of financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues, using the effective interest method. Dividend income is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense is comprising interest expense on borrowings, changes in time value of provisions and deferred consideration, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in profit or loss.

Borrowing costs, which are not capitalized to qualifying assets, are recognized in profit or loss using the effective interest method.

In the statements of cash flows, interest received, and dividends received are presented as part of cash flows from investing activities. Interest paid and dividends paid are presented as part of cash flows from financing activities. Accordingly, financing costs that were capitalized to qualifying assets are presented together with interest paid as part of cash flows from financing activities.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

Note 3 - Significant Accounting Policies (cont'd)

Q. Expenses (cont'd)

(2) Financing income and expenses (cont'd)

Interest income or expense is recognized using the effective interest method. Generally, in calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset or to the amortized cost of the financial liability, as applicable. However, for credit-impaired financial assets that were purchased or created, or for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

R. Taxes on income

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

(1) Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

(2) Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carryforward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Deferred taxes in respect of investment property that is held with the objective of recovering substantially all of the economic benefits embedded in the investment property through sale and not through use are measured in accordance with the expected manner of recovery of the base asset, on the basis of sale rather than use.

When the Company owns an investment in a single property company and the manner in which the Company expects to dispose of the investment is by selling the shares of the property company rather than by selling the property itself, the Company recognizes deferred taxes for both inside temporary differences arising from the difference between the carrying amount of the property and its tax basis, and for outside temporary differences arising from the difference between the tax basis of the investment and the Company's carrying amount of the net assets of the investment in the consolidated financial statements

Note 3 - Significant Accounting Policies (cont'd)

R. Taxes on income (cont'd)

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Taxes on income that relate to distributions of an equity instrument and to transaction costs of an equity transaction are accounted for pursuant to IAS 12.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

S. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which separate financial information is available.

Inter-segment pricing is determined on an arm's- length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire investment property, inventory and property, plant and equipment.

T. Transactions with controlling shareholder

Assets and liabilities included in a transaction with a controlling shareholder are measured at fair value on the date of the transaction. As the transaction is on the equity level, the Company includes the difference between the fair value and the consideration from the transaction in its equity.

Note 3 - Significant Accounting Policies (cont'd)

U. New standards, amendments to standards and interpretations not yet adopted

Standard/interpretation/ Amendment	The requirements of the publication	Effective date and transitional provisions	Expected effects
Amendment to IAS 1, *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* and subsequent amendment: *Non-Current Liabilities with Covenants*	In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" regarding the criteria for determining the classification of liabilities as current or non-current ("the Original Amendment"). In October 2022, the IASB issued a subsequent amendment ("the Subsequent Amendment"). According to the Subsequent Amendment: Only financial covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. In respect of a liability for which compliance with financial covenants is to be evaluated within twelve months from the reporting date, disclosure is required to enable users of the financial statements to assess the risks related to that liability. The Subsequent Amendment requires disclosure of the carrying amount of the liability, information about the financial covenants, and the facts and circumstances at the end of the reporting period that could result in the conclusion that the entity may have difficulty in complying with the financial covenants. According to the Original Amendment, the conversion option of a liability affects the classification of the entire liability as current or non-current unless the conversion component is an equity instrument.	The Original Amendment and Subsequent Amendment are both effective for annual periods beginning on or after January 1, 2024 and must be applied retrospectively. Early adoption is permitted.	The above Amendments are not expected to have a material impact on the Company's consolidated financial statements.
Amendment to IFRS 16, *Leases: Lease Liability in a Sale and Leaseback*	In September 2022, the IASB issued an amendment to IFRS 16, "Leases" ("the Amendment"), which provides guidance on how a seller-lessee should measure the lease liability arising in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The seller-lessee has to choose between two accounting policies for measuring the lease liability on the inception date of the lease. The accounting policy chosen must be applied consistently.	The Amendment is applicable for annual periods beginning on or after January 1, 2024. Early adoption is permitted. The Amendment is to be applied retrospectively.	The Company is evaluating the effects of the Amendment on its consolidated financial statements.

Note 3 - Significant Accounting Policies (cont'd)

U. New standards, amendments to standards and interpretations not yet adopted (Cont'd)

Standard/interpretation/ Amendment	The requirements of the publication	Effective date and transitional provisions	Expected effects
Amendments to IAS 7, *"Statement of Cash Flows", and IFRS 7, "Financial Instruments: Disclosures"*	In May 2023, the IASB issued amendments to IAS 7, "Statement of Cash Flows", and IFRS 7, "Financial Instruments: Disclosures" ("the Amendments") to address the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements. The disclosure requirements in the Amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.	The Amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted but will need to be disclosed.	The Company believes that the Amendments are not expected to have a material impact on its consolidated financial statements.
Amendments to IAS 21, *"The Effects of Changes in Foreign Exchange Rates"*	In August 2023, the IASB issued "Amendments to IAS 21: Lack of Exchangeability (Amendments to IAS 21, "The Effects of Changes in Foreign Exchange Rates")" ("the Amendments") to clarify how an entity should assess whether a currency is exchangeable and how it should measure and determine a spot exchange rate when exchangeability is lacking. The Amendments set out the requirements for determining the spot exchange rate when a currency lacks exchangeability. The Amendments require disclosure of information that will enable users of financial statements to understand how a currency not being exchangeable affects or is expected to affect the entity's financial performance, financial position and cash flows.	The Amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted, in which case, an entity is required to disclose that fact.	The Company believes that the Amendments are not expected to have a material impact on its consolidated financial statements.

Note 4 – Subsidiaries and Investment in (and loans to) companies accounted for at equity

(1) Subsidiaries

A. The list of the Company's subsidiaries is detailed in Note 25.

B. Subsidiaries including consolidated structured entities

Presented hereunder the Group's material subsidiary:

Name of company	Principal location of the company's activity	The Group's ownership interest in the subsidiary for the year ended December 31, 2023	2022
S.C. Cotroceni Park SA	Romania	98.58%	98.58%

C. Guarantees of subsidiaries' obligations

As at December 31, 2023, corporate guarantees issued by the Company as securities for payment or repayment obligations of certain subsidiaries, in an aggregate value of approximately EUR 42 million (December 31, 2022: EUR 38 million), have been provided in connection with financing obtained or obligations made by each of such subsidiaries in relation to its project. With respect to guarantees related to AFI Properties Series 12 bonds please refer to Note 12(2).

D. On December 31, 2023 a deed of merger was signed by the Company as the acquiring entity and AFI Corporate Financing B.V. ("ACF"), a fully owned Dutch subsidiary of the Company, as the entity ceasing to exist (the "Merger"). The Merger became effective as of January 1, 2024. Prior to the Merger, ACF operated as an intra-group lender to the Company's subsidiaries. Upon the Merger, the assets and liabilities of ACF passed over to the Company by universal succession of title, and ACF ceased to exist.

E. On June 8, 2022 the Company completed the transaction described under the preliminary share purchase agreement of February 23, 2022 (the "Transaction"), in relation to the acquisition by the Company of 100% of the shares of a Polish company that holds 70% in a partnership that holds leasehold rights in respect of land plots of approx. 65,000 sqm in central Warsaw, Poland ("PropCo", the "Property", the "Transaction", respectively), where it is planned to develop properties of various uses, including office complexes, retail areas and buildings with residential units for rent (together, the "Commercial Quarters"), alongside buildings with apartments for sale (together, the "Residential Quarters").

The value of the Property for the purpose of calculating the consideration under the Transaction was approx. EUR 181 million, and accordingly, the total consideration payable by the Company is approx. EUR 127 million, subject to customary price adjustments, as well as to a price adjustment in accordance with the actual building rights in relation to the Property.

Simultaneously with the signing of the transaction agreements, PropCo signed a binding preliminary sale and purchase agreement (the "Sale Agreement") with a subsidiary of the partner that holds the remaining 30% of the rights in PropCo (the "Partner"), according to which, on completion of the Transaction and subject to the formal division of the Property into quarters (the "Division"), PropCo will sell the Residential Quarters, for a price of approx. EUR 47 million. Hence the part of the net consideration payable by the Company under the Transaction is approx. EUR 94 million.

Consequently, the Company and the Partner jointly hold (the Company's share - 70%, and the Partner's share - 30%), through PropCo, all rights in the Commercial Quarters, and the Partner holds (alone) all rights in the Residential Quarters.

Note 4 – Subsidiaries and Investment in (and loans to) companies accounted for at equity (cont'd)

AFI Europe and the Partner entered into a few additional agreements, regulating their relationship as shareholders in PropCo and the development and management (in consideration for management fees) of the project for the development of the Commercial Quarters and the properties to be developed. Pursuant to these agreements, all decisions in PropCo are adopted jointly by the partners or their representatives at PropCo's board, which means that PropCo is under joint control of the Company and the Partner. Therefore, the Company's holding in PropCo is treated according to the equity method, and the Company's investment in PropCo and its intercompany loans to PropCo are presented in its financial statements as investment in associate and loans to associate.

Out of the net consideration specified above, approx. EUR 73 million was paid to the Seller upon completion of the Transaction (after neutralizing the Company's share in the consideration payable to PropCo under the Sale Agreement, the Company paid on the Transaction's completion approx. EUR 57 million). The remaining part of the consideration in the amount of EUR 50.5 million will be paid according to agreed milestones.

Following completion of the development of each of the Commercial Quarters, the Company will have a call option and the Partner will have a put option which, if exercised, will enable the Company to acquire the Partner's interest in the Commercial Quarters.

(2) Investment in (and loans to) companies accounted for at equity

A. Composition of the investments:

In thousands of Euros

	December 31, 2023	December 31, 2022
Cost of shares	106,049	106,049
Company's share in reserves and retained earnings, net	4,731	(3,323)
Carrying value	110,781	102,726
Loans (1)	11,998	7,154
	122,779	109,880

(1) Loans:	Rate	December 31, 2023	December 31, 2022
Variable rate loans	3M Wibor + 3.2%	11,998	7,154

B. The movement in investments was as follows:

In thousands of Euros

	December 31, 2023	December 31, 2022
Balance as at beginning of the year	109,880	-
Movement during the year:		
Investment in loans, net	3,407	1,968
Share in losses, net	(20)	(1,200)
Adjustment for translation	8,075	(2,122)
Accrued interest of loans	1,437	208
Acquisition of associate	-	(*) 111,026
	122,779	109,880

(*) Including acquisition of previous shareholder loans.

Note 5 - Investment Property

A. Reconciliation of carrying amount

In thousands of Euros

	2023	2022
Balance at January 1	2,259,748	2,065,499
Additions		
Acquisition (1)	26,191	13,774
Investments	46,293	32,893
Transfer from investment property under development (2)	318,900	123,270
Transfer from inventory (2)	5,494	-
Disposals		
Transfer to investment property under development (see Note 6A(1))	(2,571)	-
Others		
Fair value adjustments	(25,539)	24,343
Effect of movement in foreign exchange	7,321	(31)
Balance at December 31	2,635,837	2,259,748

(1) During November 2023 a Polish subsidiary of the Company completed the acquisition of the residential-for-rent property known as Metro Park in Warsaw, and consequently the purchase price paid to the seller, including all advance payments made along the development period, in an amount of EUR 26.2 million, has been classified as investment property.

(2) During the year ended December 31, 2023 the Group completed the construction of:

- Skyline building C, Airport City building 2500 and AFI Zmaj West, three office projects in Belgrade, Serbia, in an amount of EUR 82.5 million, EUR 31.8 million and EUR 39.2 million, respectively.
- AFI Arad, a retail park in Arad, Romania, in an amount of EUR 51.7 million.
- AFI Home Karlin and AFI Home Kolbenova D+E , two residential for rent projects in Prague, Czech Republic, in an amount of EUR 55.6 million and EUR 45.7 million, respectively.
- AFI Home Europejskie and AFI Home Dajwor, two residential for rent projects in Krakow, Poland, in an amount of EUR 12.7 million and EUR 5.5 million, respectively.

During the year ended December 31, 2022 the Group completed the construction of:

- Airport City building 2400, an office building in Belgrade, Serbia, in an amount of EUR 29.7 million.
- AFI Tech 2, an office building in Bucharest, Romania, in an amount of EUR 31.9 million.
- AFI City commercial center in Bucharest, Romania, in an amount of EUR 9.5 million.
- AFI Home Zlota, a residential for rent project in Warsaw, Poland, in an amount of EUR 33.9 million.
- AFI Home Trebesin, a residential for rent project in Prague, Czech Republic, in an amount of EUR 11.7 million.
- AFI Home Bagry, a residential for rent project in Krakow, Poland, in an amount of EUR 6.6 million.

B. Measurement of fair value

(1) Fair value hierarchy

The investment properties and investment properties under development that are measured at fair value, using a valuation method according to the fair value levels are defined as Level 3. For a definition of the various hierarchy levels, see Note 2(E) regarding the basis of preparation of the financial statements.

Note 5 - Investment Property (cont'd)

B. Measurement of fair value (cont'd)

(2) Valuation processes used by the Company

For the year ended December 31, 2023, the Group commissioned independent appraisals reports on its investment properties from CBRE, a member of the Royal Institution of Chartered Surveyors (RICS). CBRE, an external, independent valuation company, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio once a year, and upon demand in respect to which material events occurred (such as entrance of tenants, completion, significant change in Rental income) as defined in the Group's policy.

The valuations of investment properties are based on recent transactions in respect of similar assets in similar locations and conditions by using the DCF model.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; 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.

(3) Details regarding fair value measurement of investment property

As of December 31, 2023:

Country	Use of the property	Fair Value (In EUR thousands)	Yield rate (in %)	Occupancy (in %)	Actual weighted average rent per sqm (In EUR/sqm)
Czech Republic	Offices	357,137	5.35-9.6 (mainly 5.35-6.35)	93%	14.9
Czech Republic	Residential for rent	133,989	4.75-4.85	74%	18.7
Romania	Offices	558,181	7.1-8.7	87%	14.9
Romania	Retail	812,611	7.7-8.5	98%	27.8
Serbia	Offices	471,618	8.25-10.25 (mainly 8.25-8.5)	87%	15.2
Serbia	Retail	13,700	8	100%	5.8
Poland	Offices	162,420	8-8.25	92%	14.6
Poland	Residential for rent	103,222	5.3-6.1	63%	18.5
Bulgaria	Offices	22,959	9.75-10	82%	5

As of December 31, 2022:

Country	Use of the property	Fair Value (In EUR thousands)	Yield rate (in %)	Occupancy (in %)	Actual weighted average rent per sqm (In EUR/sqm)
Czech Republic	Offices	363,505	4.9-9.55 (mainly 4.9-6.1)	85%	14.8
Czech Republic	Residential for rent	14,397	4.85	93%	18.4
Romania	Offices	580,669	6.6-8.25	83%	14.3
Romania	Retail	747,450	7.15-7.9	98%	28.2
Serbia	Offices	309,797	7.75-10 (mainly 7.75-8.3)	96%	14.9
Serbia	Retail	13,500	8	100%	5.8
Poland	Offices	166,063	7.5-7.55	86%	13.6
Poland	Residential for rent	43,526	5.5	99%	12.2
Bulgaria	Offices	20,841	9.5-9.75	62%	4.8

Note 5 - Investment Property (cont'd)

(4) Sensitivity analysis for change in fair value (AFI Cotroceni in Bucharest, Romania)

A change in the main unobservable inputs in the fair value valuation of AFI Cotroceni, which is a significant asset of for the Company, is described in the tables below:

Sensitivity analysis to change in yield rate:

In thousands of Euros

	Increase of 0.5%	Current yield	Decrease of 0.5%
Fair value December 31, 2023	509,950	543,800	582,403
Fair value December 31, 2022	497,064	532,700	573,785

Sensitivity analysis to change in estimated rental values (ERV):

In thousands of Euros

	Increase of 5%	Current ERV	Decrease of 5%
Fair value December 31, 2023	564,953	543,800	522,603
Fair value December 31, 2022	554,633	532,700	510,756

C. Amounts that were recognized in the statement of income

In thousands of Euros

	Year ended December 31,		
	2023	2022	2021
Rental income from investment property	170,142	143,554	123,125
Net direct operating income/(expenses) arising from investment property that generated rental income during the period	(4,460)	(5,889)	(7,471)
Change in fair value of investment property	(25,539)	24,343	15,498
	140,143	162,008	131,152

Note 6 - Investment Property under Development

A. Reconciliation of carrying amount

In thousands of Euros

	2023	2022
Balance at January 1	452,967	348,930
Additions		
Acquisition	2,292	26,455
Transfer from inventories (1)	12,592	50,219
Transfer from investment property (1)	2,571	-
Cost capitalized	124,763	129,718
Interest capitalized	9,838	11,194
Disposals		
Transfer to investment property, net (see Note 5(A)(2))	(318,900)	(123,270)
Transfer to fixed assets	(3,500)	-
Other		
Fair value adjustments	6,297	6,678
Effect of movement in foreign exchange	3,177	3,043
Balance at December 31	292,097	452,967

Note 6 - Investment Property under Development (cont'd)

(1) During 2023, the Group started/advanced with the construction of:

- Residential for rent project in Krakow, Poland, comprising 219 apartments for rent with 7,600 sqm GLA. Accordingly, the Group reclassified the property from inventory to investment property under development, in the amount of EUR 10.2 million.
- Office floors above Cotroceni Mall in Bucharest, Romania, with 15,550 sqm GLA. Accordingly, the Group reclassified the property from investment property to investment property under development, in the amount EUR 2.6 million.

B. Measurement of fair value

(1) Fair value hierarchy

The investment properties and investment properties under development that are measured at fair value, using a valuation method according to the fair value levels are defined as Level 3. For a definition of the various hierarchy levels, see Note 2(E) regarding the basis of preparation of the financial statements.

(2) Valuation processes used by the Company

The valuations of investment properties under development are prepared by the residual method or by the comparison method depending on the stage of completion. The residual value is based on the fair value of a complete project less costs to complete and appropriate developer profit. The comparison method is based on the price per square meter of comparable properties, as arising from observable transactions in an active market for comparable properties, with significant adjustments for the quality of the building and the rent terms.

The yield rates which were used by the valuation company for residual method for investment property under development are as following:

Country	Use of the property	Yield rate (in %) As of December 31, 2023	As of December 31, 2022
Czech Republic	Residential for rent	4.80	4.55-4.6
Romania	Offices	8.25	7.45-8.25
Romania	Residential for rent	5.75	5.75
Serbia	Offices	8.5-9.25	8.15-9.25
Poland	Residential for rent	5.65-6	4.9-5.55

For further details regarding measurement of fair value please see Note 5(B).

C. Amounts that were recognized in the statement of income

In thousands of Euros

	Year ended December 31, 2023	2022	2021
Change in fair value of investment property under development	6,297	6,678	15,516

Note 7 - Inventory

A. Reconciliation of carrying amount

The balance represents both non-current inventory and current inventory:

In thousands of Euros

	2023	2022
Balance at January 1	151,558	193,556
Additions		
Construction cost	15,624	32,830
Interest capitalized	287	1,000
Disposals		
Transfer to investment property (1)	(5,494)	-
Transfer to investment property under development (2)	(12,592)	(50,219)
Carrying value of trading properties sold	(8,338)	(16,998)
Others		
Effect of movement in foreign exchange	(217)	406
Write-down of inventory to net realizable value	(6,912)	(9,017)
Balance at December 31	133,916	151,558

(1) For information regarding classification from inventory to investment property see Note 5(A)(2).
(2) For information regarding classification from inventory to investment property under development see Note 6(A)(1).

The closing balance includes inventory expected to be sold after more than 12 months in an amount of EUR 5,650 thousand and long-term land inventory in the amount of EUR 113,341 thousand (in 2022: 2,608 and 135,143 respectively)

In respect of the capitalization rate for the interest capitalized please refer to Notes 12 and 21.

Note 8 – Short Term Investments

The balance represents restricted cash deposits for the following purposes:

In thousands of Euros

	December 31, 2023	December 31, 2022
Deposit from advanced for sold apartments	1,666	1,054
Deposit related to bank loans of investment properties	12,249	5,758
Other	3,269	7,782
	17,184	14,594

Note 9 - Trade and Other Receivables

A. Current receivables

In thousands of Euros

	December 31, 2023	December 31, 2022
Trade receivables due from tenants	23,198	19,589
VAT receivables	25,708	16,154
Receivable from derivatives	16,480	17,017
Deferred expenses and Advances to suppliers	11,623	12,573
Contract asset	12,848	4,061
Other trade receivables	4,026	3,063
	93,883	72,457
Allowance for doubtful debts	(1,492)	(1,910)
	92,391	70,547

Information about the company's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 21.

B. Non - current receivables

In thousands of Euros

	December 31, 2023	December 31, 2022
Deposit related to financing	34,742	28,521
Receivable from derivatives	8,240	23,537
Advances for investment property (1)	74,295	47,872
Loans and other receivables	1,879	1,991
	119,156	101,921

(1) Comprised mainly of residential-for-rent projects developed by their seller and delivered to a designated subsidiary of the Company upon completion of their development (forward purchase agreement), with all obligation of that subsidiary towards the seller secured by a corporate guarantee issued by the Company. The agreements include a schedule of advance payments, which will be made upon reaching a certain milestone on the project's development timeline.

- Swedzka project in Warsaw, Poland, comprising 371 apartments (designated for rent), alongside retail areas of approx. 5,600 sqm, office space of approx. 3,300 sqm, and 536 underground parking spaces. As at December 31, 2023, the Company paid PLN 238 million (equivalent to approx. EUR 55 million) out of approx. PLN 361 million (equivalent to approx. EUR 83 million). The project's construction is expected to be completed by the last quarter of 2024.

- Dluga project in Wroclaw, Poland, comprising 230 apartments (designated for rent), alongside retail areas of approx. 600 sqm, and 255 underground parking spaces. As at December 31, 2023, the Company paid PLN 42 million (equivalent to approx. EUR 9.7 million) out of approx. PLN 134 million (equivalent to approx. EUR 31 million). The project's construction is expected to be completed by the last quarter of 2024.

Note 10 - Cash and Cash Equivalents

In thousands of Euros

	December 31, 2023	December 31, 2022
Bank balances	73,399	103,126
Bank deposits	9,419	2,877
Cash and cash equivalents	82,818	106,003

All cash and cash equivalents are payable on demand.

Information about the company's exposure to currency risk for cash and cash equivalents is included in Note 21.

Note 11 - Capital and Reserves

A. Composition of share capital:

	December 31, 2023		December 31, 2022	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Ordinary share of Euro 0.01 par value each	122,100,000	93,000,000	122,100,000	93,000,000

(1) As at December 31, 2023, the authorized, issued and paid-up share capital of the Company comprises 122,100,000, 93,000,000 and 93,000,000 ordinary shares of EUR 0.01, respectively.

B. Translation reserve from foreign operations

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

C. Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Note 12 - Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and currency risk, refer to Note 21.

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousands of Euros

				December 31, 2023		December 31, 2022	
	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying value	Nominal value	Carrying value
Non-current							
Secured bank loan	Euro	3M Euribor+1.8%-3.35%	2024-2030	1,114,278	1,106,998	894,452	887,911
Secured bank loan	Euro	5.1%	2030	24,800	24,800	-	-
Lease liabilities	All currencies	3%-13.5%	2023-2048	11,876	11,651	7,717	7,717
Loan from related parties (1)	Euro	3M Euribor+2%	2027	837,019	837,019	802,275	802,275
Loan from related parties (2)	Euro	2.985%	2027	117,393	117,393	199,216	199,216
Loan from Joint Venture partners	Euro	3M Euribor+2%	2026	800	800	761	761
Corporate bank loan	ILS	4.82%	2027	93,072	92,530	99,485	98,789
Current maturity				(74,885)	(74,885)	(113,761)	(113,761)
Total non-current interest- bearing liabilities				2,124,353	2,116,306	1,890,145	1,882,908
Current							
Secured bank loan	Euro	3M Euribor+2.9%-3%	2024-2025	10,648	10,648	2,584	2,584
Current maturity				74,885	74,885	113,761	113,761
Total current interest- bearing liabilities				85,533	85,533	116,345	116,345

(*) For information regarding compliance with financial covenants see Note 22.
(**) The Company uses derivative financial instruments for the existing exposure for variable interest rate. For information see Note 21(E).

Note 12 - Loans and Borrowings (cont'd)

(1) The Company and AFI Properties are parties to a Loan Agreement dated January 1, 2023 (the "**2023 Loan Agreement**") which governs the terms of an intercompany debt owed by the Company to AFI Properties as a result of intercompany loans provided by the latter to the Company.

The outstanding balance of the Company's debt to AFI Properties under the 2023 Loan Agreement as at December 31, 2023 was EUR 837,019 thousand (as at December 31, 2022: EUR 802,275 thousand). The loan's maturity date is December 31, 2027.

(2) The Company as borrower and AFI Properties as lender are parties to a Loan Agreement dated March 16, 2021, following the transfer to the Company by AFI Corporate Financing B.V. of all of the latter's rights and obligations under that agreement effective as of December 31, 2023 (the "**2021 Loan Agreement**"), in relation to an intercompany loan made available by AFI Properties (the "**2021 Loan**").

The outstanding balance of the 2021 Loan as at December 31, 2023 was EUR 117,393 thousand (as at December 31, 2022: EUR 122,623 thousand). The 2021 Loan's maturity date is September 15, 2027.

The 2021 Loan was provided in connection with debt raised by AFI Properties by way of a bond offering and then on-lent to the Company, which further lent the 2021 Loans' proceeds to wholly owned subsidiaries of the Company that own and operate the business park known as Airport City in Belgrade, Serbia (the "**Property Company**").

In connection with the aforementioned transactions, the Company and the Property Company, provided various securities to the trustee of the holders of AFI Properties' Series 12 Bonds (the "**Trustee**", the "**Bondholders**", respectively) to secure the payment and discharge of AFI Properties' liabilities towards the Trustee and the Bondholders.

In addition, AFI Corporate Financing as borrower and AFI Properties as lender were parties to a Loan Agreement dated January 23, 2019, in relation to an intercompany loan made available by AFI Properties, which was fully repaid on November 7, 2023, using an amount of EUR 78,840 thousand out of the proceeds of the financing transaction described in Note 12(5) below.

(3) On February 14, 2023, a financing agreement (the "**Agreement**") was signed by four Czech subsidiaries of the Company, which own and operate two residential for rent projects in Prague, Czech Republic (the "**Borrowers 1-4**" and the "**Properties**", respectively), in relation to a loan in the amount of EUR 51.58 million (the "**Loan**"), to be provided to Borrowers 1-4 by a bank upon the fulfilment of several conditions precedent. During the year, the conditions were met and the Group utilized the full amount.

Pursuant to an amendment to the Agreement made on August 7, 2023, another Czech subsidiary of the Company, which owns and operates another residential for rent project in Prague, joined the Agreement as a fifth borrower ("**Borrower 5**", and together with Borrowers 1-4, the "**Borrowers 1-5**"), and on August 31, 2023 the bank increased the total Loan amount under the Agreement by providing to Borrower 5 a loan in the amount of EUR 7.65 million. Thereafter, pursuant to another amendment to the Agreement made on December 5, 2023, two additional Czech subsidiaries of the Company, which own and operate another residential for rent project in Prague, joined the Agreement as borrowers ("**Borrowers 6-7**", and together with Borrowers 1-5, the "**Borrowers**"), and on December 21, 2023 the bank increased the total Loan amount under the Agreement by providing to Borrower 6-7 a loan in the amount of EUR 24.8 million

The Loan provided to borrowers 1-5 bears interest at an annual rate of 3-month EURIBOR + 2.1%-2.25% (which is hedged in relation to 70% of the Loan for a duration of 5 years) and the loan provided to borrowers 6-7 bears interest at an annual rate of 5.1%, and it will be repaid by its final maturity date on February 14, 2030.

Note 12 - Loans and Borrowings (cont'd)

The Borrowers are jointly and severally liable under the Agreement, pursuant to which their main covenants are to maintain on a portfolio basis (i) LTV of no more than 50%, (ii) DSCR for the 12 months following and prior to each calculation date of no less than 115%, and (iii) an occupancy ratio of 60% during the first year, and thereafter – 80%.

(4) October 18, 2023 a financing agreement (the “**Agreement**”) was signed by the Company, in relation to a loan in the amount of EUR 50 million (the “**Loan**”), secured by, *inter alia*, mortgages and pledges on the assets and shares of five Polish subsidiaries of the Borrower that own and operate five residential for rent properties in Poland. The first Tranche of the loan, in an amount of EUR 36.5 million, was utilized on October 26, 2023 and the second Tranche of the loan, in an amount of EUR 13.5 million, was utilized on February 8, 2024.

The Loan bears interest at an annual rate of 3-month EURIBOR + 2.8% (and the Borrower undertook to hedge the interest rate in relation to 100% of the Loan throughout the duration of the Loan). The Loan’s final maturity date is October 18, 2028.

The Borrower and the Subsidiaries are jointly and severally liable under the Agreement, pursuant to which their main financial covenants are to maintain on a portfolio basis (i) a loan-to-value ratio (LTV) of no more than 55%, and (ii) a historic interest-coverage-ratio (ICR) of more than 100% until September 2024, and thereafter – 150%.

(5) On September 28, 2023 a financing agreement (the “**Agreement**”) was signed by four Romanian subsidiaries of the Company that own and operate four office buildings in Bucharest, and known as AFI Park (the “**Subsidiaries**” and the “**Properties**”, respectively), in relation to a loan in the amount of EUR 100 million (the “**Loan**”), to be provided to the Subsidiaries by two banks on a non-recourse basis. The loan was utilized on November 7, 2023 and its proceeds were used for the purpose of making various payments and transactions, among them, inter alia, partial repayment of an intercompany loan borrowed from AFI Properties (see Note 12(2) above).

The Loan bears interest at an annual rate of 3-month EURIBOR + 2.70% (which is hedged in relation to 75% of the Loan for a duration of 3 years). The Loan’s final maturity date is September 28, 2030.

The Subsidiaries are jointly and severally liable under the Agreement, pursuant to which their main financial covenants are to maintain on a portfolio basis (i) a loan-to-value ratio (LTV) of no more than 65% during the first year, reducing by 1.5% each year until reaching 57.5% after the fifth year, and (ii) DSCR for the 12 months following each calculation date of more than 125%, and historic DSCR for the 12 months before the calculation date of more than 110%.

(6) Pursuant to an amendment signed on December 4, 2023 in relation to a term loan facility agreement dated March 4, 2019 with respect to a EUR 46 million loan borrowed from two banks by a Czech subsidiary of the Company, the final repayment date was extended by approx. 33 months until November 28, 2026.

Note 13 - Other Non-Current Liabilities

In thousands of Euros

	December 31, 2023	December 31, 2022
Deposits from tenants	19,103	14,352
Payables for derivatives instruments	7,887	-
Other payables	1,901	11,757
	28,891	26,109

Note 14 - Trade and Other Payables

In thousands of Euros

	December 31, 2023	December 31, 2022
Suppliers and other trade payables	30,729	32,165
Provision, accruals expenses and deferred income	27,586	23,212
Payables for derivatives instruments	746	-
Interest payables	11,383	3,797
Advances from tenants	5,277	2,755
Share purchase payables (1)	53,621	61,238
Others	13,235	7,633
	142,577	130,800

(1) Share purchase payables include approx. EUR 50.5 million related to the acquisition by the Company of 100% of the shares of a Polish company that holds 70% in a partnership that holds leasehold rights in respect of land plots of approx. 65,000 sqm in central Warsaw, Poland. For further information see Note 4(1)(E).

Note 15 - Revenue from Contracts with Costumers

A. Gross rental income breakdown

In thousands of Euros

	For the year ended December 31,		
	2023	2022	2021
Romania	101,885	90,280	79,596
Serbia	31,963	22,477	17,836
Czech	22,056	18,598	15,003
Poland	12,521	10,717	9,496
Bulgaria	1,717	1,482	1,194
	170,142	143,554	123,125

The Group leases out its investment property under operating leases.

Note 15 - Revenue from Contracts with Costumers (cont'd)

B. Transaction price allocated to the performance obligations that are unsatisfied

The table below presents the amount of revenue that is expected to be recognized in subsequent periods and is related to performance obligations not yet completed (or partially completed) at the reporting date, with respect to contracts that their expected original period is more than one year.

In thousands of Euros

	2024	2025	2026	Total
Residential units sold and not delivered	1,492	-	-	1,492
Rental from income-generating properties(*)	172,602	143,621	116,363	432,585

(*) Rental income is decreasing over the years since the information presented is not taking into consideration renewal of contracts or options exercised.

Note 16 – Service Charge Expenses

In thousands of Euros

	For the year ended December 31,		
	2023	2022	2021
Wages and salaries	5,526	4,705	3,961
Security	5,793	4,665	4,133
Cleaning	3,770	3,126	3,292
Electricity, Water and Gas	27,251	40,999	22,370
Maintenance and repairs	10,153	8,251	6,489
Depreciation	137	164	146
Property taxes, other taxes and fees	6,866	5,826	5,227
Others	3,913	3,155	3,117
	63,410	70,891	48,736

Note 17 - Administrative Expenses

In thousands of Euros

	For the year ended December 31,		
	2023	2022	2021
Wages and salaries	9,376	9,329	6,328
Share based payment	-	4,005	673
Professional services	2,622	3,861	2,323
Depreciation	713	652	643
Legal and audit fees	1,522	1,083	1,097
Rent	190	170	472
Other administrative expenses	3,685	4,002	2,553
	18,108	23,102	14,089

Note 18 - Net Other Income (Expenses)

In thousands of Euros

	For the year ended December 31,		
	2023	**2022**	**2021**
Income from temporary rent	469	444	413
Revenue from Construction works for tenants	794	373	207
Closing a provision of a contingent claim	-	1,022	-
Gain from disposal of subsidiary, net	-	299	-
Other	1,661	1,471	4,751
	2,924	3,609	5,371
Cost from Construction works for tenants	(111)	(77)	(182)
Expenses related to purchase and consulting regarding new projects	(169)	(2,291)	(130)
Other	(2,541)	(1,854)	(2,392)
	(2,821)	(4,222)	(2,704)

Note 19 - Net Financing Costs

In thousands of Euros

	For the year ended December 31,		
	2023	**2022**	**2021**
Bank interest expense (Gross)	45,277	24,097	21,291
Interest expenses to AFI Properties (Gross)	49,009	25,457	18,808
Leasing interest	4,688	1,249	1,185
Net foreign exchange loss (profit)	(6,701)	(7,069)	2,699
Loss (gain) from cash flow hedges	12,368	(4,316)	-
Commitments and other financing costs	2,150	902	3,221
Refinance fees	-	3,006	2,364
Loss from realization of translation reserves from disposal of subsidiaries	-	744	120
	106,791	44,070	49,688
Total capitalized interest	(10,125)	(12,194)	(5,016)
	96,666	31,876	44,672

Note 20 - Income Tax

A. Details regarding the tax environment of the Group

The Group subsidiaries are taxable according to their individual tax regimes. Following the 2023 applicable tax rates for the Group:

	Corporate Tax rate
Netherlands	25.8%
Czech Republic (1)	19%
Serbia	15%
Bulgaria	10%
Hungary	9%
Romania	16%
Germany	30.2%
Poland (2)	19%/9%
Latvia (3)	0%
Cyprus	12.5%
Israel	23%

(1) Changed to 21% starting from 2024.
(2) 9% only for small entities – revenues up to 2M EUR.
(3) 20% tax on corporate profits when distributed as dividends or deemed to be distributed.

B. Composition of income tax expense

In thousands of Euros

	For the year ended December 31,		
	2023	2022	2021
Current tax expense			
Current taxes	10,570	9,932	9,214
Taxes in respect of previous years	(40)	73	(9,686)
	10,530	10,005	(472)
Deferred tax expense			
Deferred taxes	(1,509)	14,738	11,435
Adjustment of deferred tax balances following a change in tax rates (see also Note 20A(1))	2,565	(78)	-
	1,056	14,660	11,435
	11,586	24,665	10,963

(1) The Company's operational results for tax purposes are computed in accordance with Dutch tax legislation. As of 2011 the Company (solo) was in fiscal unity with its Dutch subsidiary AFI GP B.V. (formerly: AFI Europe Financing B.V.), which was liquidated in 2022. During 2016 the subsidiary AFI Corporate Financing B.V. (100%) was added to the fiscal unity, and during 2023 the subsidiaries AFI Home B.V. and AFI Home Poland B.V. were added to the fiscal unity as well.

(2) During August 2021 a subsidiary of the Company received the final tax assessments for years 2016-2019 pursuant to which no additional tax is payable by that subsidiary for those years. Accordingly, the Company recognized a decrease in current tax payables and a decrease in income tax expense in an aggregate amount of EUR 10,234 thousands for the year ended 31 December 2021.

Note 20 - Income Tax (Cont'd)

C. Tax assessments

The Company has received final tax assessments up to and including the year ended 2019.
Some subsidiaries in the Group have received final tax assessments up to and including the years 2013-2020.

D. Reconciliation of effective tax rate

In thousands of Euros

	For the year ended December 31,		
	2023	2022	2021
Profit before tax	23,421	102,685	102,367
Dutch statutory corporation tax rate	25.8%	25.8%	25%
Tax calculated according to the Company's primary tax rate	6,043	26,493	25,592
Additional tax (tax saving) in respect of:			
Effect of tax rates in foreign jurisdictions	(3,094)	(8,503)	(7,575)
Non-deductible expenses	1,412	3,380	1,029
Tax exempt income	(264)	(91)	(2)
Taxes in respect of previous years	(40)	73	(9,686)
Current year losses for which no deferred tax assets were created	5,081	3,641	1,235
Neutralization of tax calculated in respect of the Company's share in (profit) loss of equity accounted investees	5	310	(34)
Adjustment of deferred tax balances following a change in tax rates (see also Note 20A(1))	2,565	(78)	-
Other	(122)	(560)	404
Income tax expenses from continuing operations	11,586	24,665	10,963
Effective tax rate	49%	24%	11%

E. Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items as of December 31:

In thousands of Euros

	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
Investment property	(3,470)	(724)	176,483	164,907	173,013	164,183
Inventory	(1,162)	(951)	737	2,361	(425)	1,410
Hedging capital funds	(634)	-	5,988	9,816	5,354	9,816
Finance lease liabilities	(2,151)	(1,436)	-	-	(2,151)	(1,436)
Tax value of loss carry-forwards recognized	(12,340)	(8,736)	552	-	(11,788)	(8,736)
Others	(6,422)	(4,719)	4,814	1,727	(1,608)	(2,992)
Tax (assets)/liabilities	(26,179)	(16,566)	188,574	178,811	162,395	162,245
Set off of tax	19,679	13,406	(19,679)	(13,406)	-	-
Net tax (asset) liabilities	(6,500)	(3,160)	168,895	165,405	162,395	162,245

On December 31, 2023, the Group had total tax losses carried forward and tax credit for an amount of EUR 71,792 thousand (December 31, 2022, EUR 52,625 thousand) for which a deferred tax asset was recognized in an amount of EUR 12,340 thousand (December 31, 2022, EUR 8,736 thousand).

Note 20 - Income Tax (cont'd)

F. Movement in temporary differences during the year

In thousands of Euros

	December 31, 2023	December 31, 2022
Balance as at beginning of the year	162,245	141,253
Recognized in profit or loss	1,056	14,660
Recognized in other comprehensive income	(1,009)	6,301
Effect of movement in foreign exchange	103	31
Balance as at end of the year	162,395	162,245

Note 21 - Financial Instruments

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group uses derivative financial instruments in certain loan agreements to hedge its exposure to interest rate risks arising from construction, financing and investment activities. Furthermore, the Group does not hold or issue derivative financial instruments for trading purposes.

A. Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires collateral from its commercial tenants (bank guarantee or cash deposits usually equal to three months' rent income) in respect of lease agreements.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance date was:

In thousands of Euros

		Carrying amounts	
	Note	2023	2022
Non-current trade and other receivables		119,156	101,921
Loans to associate company	4	11,998	7,154
Short term investments	8	17,184	14,594
Current trade and other receivables	9	92,391	70,547
Cash and cash equivalents	10	82,818	106,003
		323,547	300,219

Note 21 - Financial Instruments (cont'd)

Allowance for doubtful debts

The aging of trade receivables due from tenants at the balance sheet date was:

In thousands of Euros

	Gross 2023	Impairment 2023	Gross 2022	Impairment 2022
Not past due	9,665	-	10,253	33
Past due 0-30 days	8,078	-	4,745	12
Past due 31-120 days	2,945	-	1,761	38
Past due 121-365 days	800	13	971	250
More than one year	1,710	1,479	1,859	1,577
	23,198	1,492	19,589	1,910

The movement in the allowance for doubtful debts in respect of trade receivables due from tenants during the year was as follows:

In thousands of Euros

	2023	2022
Balance at January 1	1,910	1,583
Impairment loss recognized	-	490
Receivables write off	(418)	(163)
Balance as at December 31	1,492	1,910

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

In thousands of Euros

	As of December 31, 2023						
	Carrying amount	Contractual cash flows	6 moths or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:							
Secured bank loans	1,131,798	1,322,282	40,942	68,310	343,031	684,944	185,055
Corporate loan	92,530	108,268	2,275	11,538	13,325	81,130	-
Short-term loans	10,648	11,379	5,533	5,846	-	-	-
Finance lease liability	11,651	38,215	678	864	1,765	5,175	29,733
Loans from related parties	954,411	1,182,322	4,353	4,332	8,519	1,165,118	-
Non-current liabilities	21,004	21,004	-	-	5,061	13,266	2,677
Loans from joint venture partners	801	925	-	-	-	925	-
Trade and other payables (1)	141,831	138,325	129,198	9,127	-	-	-
	2,364,674	2,822,720	182,978	100,017	371,701	1,950,558	217,465

(1) Including deferred expenses.

Note 21 - Financial Instruments (cont'd)

In thousands of Euros

	As of December 31, 2022						
	Carrying amount	**Contractual cash flows**	**6 moths or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities:							
Secured bank loans	887,911	1,002,034	26,744	30,692	123,472	821,126	-
Corporate loan	98,789	120,051	1,944	2,378	14,744	100,985	-
Short-term loans	2,584	2,682	2,682	-	-	-	-
Finance lease liability	7,717	27,598	554	725	1,611	4,012	20,696
Loans from related parties	1,001,491	1,199,435	8,731	79,014	8,685	120,704	982,301
Non-current liabilities	26,109	26,153	-	-	277	14,795	11,081
Loans from joint venture partners	761	761	761	-	-	-	-
Trade and other payables (1)	130,784	128,437	63,972	64,465	-	-	-
	2,156,146	2,507,151	105,388	177,274	148,789	1,061,622	1,014,078

(1) Including deferred expenses.

Note 21 - Financial Instruments (cont'd)

C. Currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

In thousands of Euros

	Euro	CZK	PLN	BGN	RON	CSD	Others	Total	Euro	CZK	PLN	BGN	RON	CSD	Others	Total
	December 31, 2023								December 31, 2022							
Loans to investee company	-	-	11,998	-	-	-	-	11,998	-	-	7,154	-	-	-	-	7,154
Short term investment	11,383	1,560	151	958	1,456	1,676	-	17,184	11,506	382	139	595	1,972	-	-	14,594
Trade receivables	63,588	15,224	74,476	14,009	32,837	11,365	48	211,547	66,504	3,522	60,932	5,196	26,272	10,014	28	172,468
Cash and cash equivalents	39,709	2,836	3,509	712	27,683	8,193	176	82,818	67,568	2,197	6,272	694	23,283	5,588	401	106,003
Interest-bearing loans and borrowings	(2,097,611)	(11,651)	-	-	-	-	(92,577)	(2,201,839)	(1,892,594)	(7,717)	-	-	-	-	(98,942)	(1,999,253)
Other non-current liabilities	(18,005)	(634)	(297)	(258)	(5,742)	(3,955)	-	(28,891)	(11,717)	(8,731)	(201)	(233)	(2,266)	(2,961)	-	(26,109)
Trade and other payables	(73,833)	(16,701)	(14,311)	(270)	(20,643)	(16,815)	(4)	(142,577)	(73,544)	(8,310)	(8,351)	(366)	(21,022)	(18,600)	(591)	(130,784)
Balance exposure	(2,074,769)	(9,366)	75,526	15,151	35,591	464	(92,357)	(2,049,760)	(1,832,277)	(18,657)	65,945	5,886	28,239	(5,959)	(99,104)	(1,855,927)

The exchange rates as per period end are presented in the following table:

	Average rate		Spot rate	
	For the year ended		As at December 31,	
	2023	2022	2023	2022
CZK (in Euros)	24.0	24.6	24.7	24.1
BGN (in Euros)	2.0	2.0	2.0	2.0
RON (in Euros)	4.9	4.9	5.0	4.9
PLN (in Euros)	4.5	4.7	4.3	4.7
CSD (in Euros)	117.3	117.3	117.2	117.5

Note 21 - Financial Instruments (cont'd)

C. Currency risk (cont'd)

Sensitivity analysis
An increase as of December 31, 2023 of 10% in the exchange rate of the following currencies against the Euro would increase (decrease) the shareholders' equity and the net profit (loss) by the amounts presented below. This analysis was made based on the assumption that all the other variables, particularly the interest rates, remain fixed. The analyses for 2022 were made based on the same assumptions.

In thousands of Euros

		Equity	Profit or loss
December 31, 2023	CZK	2,935	(937)
	PLN	42,137	7,631
	BGN	1,515	1,515
	RON	3,559	3,559
	CSD	(32)	(32)
	Others	(9,236)	(9,236)
December 31, 2022	CZK	14,593	(1,866)
	PLN	33,289	6,595
	BGN	589	589
	RON	2,824	2,824
	CSD	(596)	(596)
	Others	(9,910)	(9,910)

A decrease as at December 31, 2023 of 10% in the exchange rate of the above currencies against the Euro would have the same effect but in the opposite direction, based on the assumption that all the other variables remain fixed.

D. Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In thousands of Euros

	Carrying amount	
	2023	**2022**
Fixed rate instruments		
Financial assets	51,926	43,115
Financial liabilities	(246,375)	(305,722)
	(194,449)	(262,607)
Variable rate instruments		
Financial assets	11,998	7,154
Financial liabilities (*)	(1,955,465)	(1,693,531)
	(1,943,467)	(1,686,377)

(*) The variable rate financial liabilities include secured bank loans of which the Group has interest rate swap contracts for fixed interest in the amount of EUR 486,182 thousand (as of 2022: EUR 408,230 thousand).

Note 21 - Financial Instruments (cont'd)

D. Interest rate risk (cont'd)

Sensitivity analysis of the fair value with respect to financial instruments bearing fixed interest
The Group's assets and liabilities bearing fixed interest are not measured at fair value with the differences being recorded in the income statement, and the Group does not use derivative financial instruments as hedging instruments in accordance with the fair value hedging model. Therefore, any change in the interest rates as at the date of the report will have no effect on the income statement.

Sensitivity analysis of the cash flows with respect to financial instruments bearing variable interest
A change of 100 points in the base interest rate as at the date of the report would increase/decrease the net profit/loss by the following amounts. This analysis was made based on the assumption that all the other variables, particularly the foreign currency exchange rates, will remain fixed. The analyses for 2018 were based on the same assumptions.

in thousands of Euros

	Profit or (loss)		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
December 31, 2023				
Variable rate instruments	(19,435)	19,435	(19,435)	19,435
Interest rate swap	4,862	(4,862)	10,735	(11,332)
Cash flow sensitivity (net)	(14,573)	14,573	(8,700)	8,103
December 31, 2022				
Variable rate instruments	(16,864)	16,864	(16,864)	16,864
Interest rate swap	4,082	(4,082)	10,562	(10,895)
Cash flow sensitivity (net)	(12,782)	12,782	(6,302)	5,969

The Company has bank loans that have interest rates that reference to EURIBOR and that have maturities beyond 2023. As of December 31, 2023, the carrying amounts of these financial liabilities are EUR 1,117,646 thousand.

The Company also has derivatives interest rate swaps ("IRS" and interest cap rate contracts extending past 2023 that reference EURIBOR with carrying amounts of EUR 18,802 thousand and EUR 3,485 thousand, respectively, as of December 31, 2023.

Note 21 - Financial Instruments (cont'd)

E. Fair values

Financial instruments measured at fair value for disclosure purposes only

The book value of certain financial assets and liabilities, including cash and cash equivalents, trade and other receivables, short-term interest-bearing loans and borrowings, loans and borrowings from related parties, trade and other payables are equal or approximate to their fair value.

The fair values of the remaining financial assets and liabilities and their book values as presented in the statement of financial position are as follows:

In thousands of Euros

	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current secured bank loans	1,131,798	1,124,515	887,911	882,392
Corporate loan	92,530	87,896	98,789	98,343

The secured bank loans are defined as Level 3 in the fair value hierarchy.

Valuation techniques for determining fair value
Fair value of the non-current secured bank loans is estimated by discounting future principal and interest cash flows by the market interest rate on the date of measurement. The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

Interest rates used for determining fair value:

	2023	2022
Loans and borrowings	3M Euribor + 2.1%-3.35%	3M Euribor + 2.2%-3.35%
Corporate Loan	6.7%	5%

Note 21 - Financial Instruments (cont'd)

E. Fair values (cont'd)

Financial instruments measured at fair value - Derivative financial instruments

The financial liabilities and assets include interest rate swap contracts ("IRS") and interest cap rate contracts used for hedging and cross currency swap contracts which were not used for hedging. The financial instruments measured in accordance with level 2.

Details on the fair value of the financial instruments are disclosed below:

In thousands of Euros	December 31, 2023	December 31, 2022
Financial assets:		
Interest rate swap	21,197	38,713
Interest cap rate	3,523	1,841
Financial liabilities:		
Cross currency Swap	6,200	-
Interest rate swap	2,433	-

Fair value of IRS and interest cap rate is measured on the basis of the capitalization of the difference between the forward price in the contract and the current price for the residual period until redemption using appropriate interest curves used for derivative pricing and based on short-term LIBOR interest rates and long-term IRS transactions.

In thousands of Euros

	As of December 31, 2023					
	Interest Receivable	Interest payable	Expiration exercise date	Amount	Fair value	Effective Hedge net of Tax
Interest rate swap	3M Euribor	(0.075%)	01/08/2025	153,426	7,044	5,915
Interest rate swap	3M Euribor	(0.372%)	11/12/2025	56,177	3,655	2,961
Interest rate swap	3M Euribor	0.00%	04/03/2024	39,840	668	528
Interest rate swap	3M Euribor	(0.26%)	28/05/2025	11,060	518	440
Interest rate swap	3M Euribor	2.50%	27/09/2027	49,542	(264)	(1,626)
Interest rate swap	3M Euribor	(0.170%)	30/04/2026	38,266	2,313	1,827
Interest rate swap	3M Euribor	(0.205%)	13/08/2026	49,656	3,695	2,919
Interest rate swap	3M Euribor	(0.205%)	13/08/2026	29,424	2,197	1,736
Interest rate swap	3M Euribor	1.43%	26/11/2026	17,330	593	469
Interest rate swap	3M Euribor	3.22%	02/10/2028	19,180	(730)	(576)
Interest rate swap	3M Euribor	3.30%	02/10/2028	16,926	(701)	(554)
Interest rate swap	3M Euribor	3.30%	02/10/2028	5,355	(224)	(177)
Interest rate cap	3M Euribor	2.25%	16/12/2025	225,213	2,340	1,966
Interest rate cap	3M Euribor	2.25%	16/12/2025	71,576	743	624
Interest rate cap	3M Euribor	2.25%	16/12/2025	26,921	279	234
Interest rate cap	3M Euribor	2.50%	14/04/2026	3,354	38	32
Interest rate cap	3M Euribor	3.00%	30/09/2024	20,861	123	100

	As of December 31, 2023					
	Interest Receivable	Interest payable	Expiration exercise date	Exchange rate swap deal	Amount (ILS)	Fair value
Cross currency swap	4.82%	5.11%	05/07/2027	3.84 ILS to 1 EUR	370,000	(6,200)

Note 21 - Financial Instruments (cont'd)

E. Fair values (cont'd)

	As of December 31, 2022					
	Interest Receivable	Interest payable	Expiration exercise date	Amount	Fair value	Effective Hedge net of Tax
Interest rate swap	3M Euribor	(0.075%)	01/08/2025	158,525	13,025	10,991
Interest rate swap	3M Euribor	(0.372%)	11/12/2025	57,060	5,783	4,684
Interest rate swap	3M Euribor	0.00%	04/03/2024	41,460	1,757	1,423
Interest rate swap	3M Euribor	(0.26%)	28/05/2025	11,787	913	776
Interest rate swap	3M Euribor	(0.170%)	30/04/2026	39,618	4,005	3,244
Interest rate swap	3M Euribor	(0.205%)	13/08/2026	51,603	5,712	4,627
Interest rate swap	3M Euribor	(0.205%)	13/08/2026	30,580	3,386	2,743
Interest rate swap	3M Euribor	1.430%	26/11/2026	17,597	1,098	889

Note 22 - Contingent Liabilities

Securities, guarantees and pledges under bank finance agreements

According to some of the financing agreements to which group companies are parties, the Company is obliged to provide additional funding in case such funding is required to complete the relevant project. Furthermore, some Group companies agreed to comply with certain reporting requirements, as well as to maintain certain financial ratios and minimum cash balances (covenants), such as (i) certain DSCR between net rental income and debt service amount, and (ii) certain LTV ratios between the outstanding balance of a loan and the value of the relevant assets securing the repayment of such loan.

To the best of the Company's knowledge, the Company is not aware of any breach of covenants under the various financing agreements to which Group companies are parties.

Note 23- Related Parties

The parent company is AFI Properties Holdings Ltd. (Israel) which is a fully owned subsidiary of AFI Properties.

Transactions between the companies within the Group, which are related parties, have been eliminated in the consolidated financial statements and are not disclosed in this note.

Details of transactions between the Group and other related parties are disclosed below:

In thousands of Euros

	December 31, 2023	December 31, 2022	December 31, 2021
Management fees to AFI Properties	(1,906)	(3,730)	(2,246)
Interest expenses to AFI Properties (*)	(49,009)	(25,457)	(18,808)
Interest income from other related parties, net	802	132	123
	(50,113)	(29,055)	(20,931)
Balance:			
Loans from AFI Properties (see Note 12)	(954,412)	(1,001,491)	(900,835)
Loans to associate company (see Note 4)	11,998	7,154	-

(*) Including interest capitalized to investment properties under development and inventory under development.

Note 24 - Operating Segments

The Group is presenting reportable operating segments, as described below, in accordance with IFRS 8. The operating segments are based on geographical areas which reflect the principal and material source of risks and rewards to which the Group is exposed and are managed separately. Operating segments are identified on the basis of internal management reports which are reviewed on a regular basis by the Group's chief operating decision maker (CODM).

Performance is measured based on segment operating profit before administrative, selling and marketing expenses, as included in reports that are regularly reviewed by the chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Segment results reported to the chief operating decision maker include items directly attributable to a segment on a reasonable basis.

The accounting policies of the reportable segments are the same as described in Note 3 regarding significant accounting policies.

Geographical segments

The Company has several main geographical areas: Czech Republic, Serbia, Romania, Poland and other regions.

Note 24 - Operating Segments (cont'd)

In thousands of Euros

	For the year ended at December 31, 2023					
	Czech Republic	**Serbia**	**Romania**	**Poland**	**Other regions**	**Total consolidated**
Income from external customers:						
Gross rental income	22,056	31,963	101,885	12,521	1,717	170,142
Proceeds from sale of trading property	1,891	-	-	24	9,986	11,901
Service charge income	8,811	9,982	33,539	5,815	803	58,950
Other income	569	1,404	423	331	197	2,924
Total income	33,327	43,349	135,847	18,691	12,703	243,917
Write down of inventory to net realize value	-	-	(6,912)	-	-	(6,912)
Net valuation gains (losses)	3,583	5,119	(25,488)	(3,354)	898	(19,242)
Segment result	23,354	34,983	68,418	6,863	4,597	138,215
Share of losses of companies accounted for at equity, net	-	-	-	(20)	-	(20)
Unallocated expenses						(18,108)
Operating profit						120,087
Net financing costs						(96,666)
Taxes on income						(11,586)
Profit for the period						11,835

Note 24 - Operating Segments (cont'd)

In thousands of Euros

	For the year ended at December 31, 2022					
	Czech Republic	**Serbia**	**Romania**	**Poland**	**Other regions**	**Total consolidated**
Income from external customers:						
Gross rental income	18,598	22,477	90,280	10,717	1,482	143,554
Proceeds from sale of trading property	3,154	3,510	123	503	13,018	20,308
Service charge income	6,718	7,404	45,741	4,407	732	65,002
Other income	464	490	1,663	215	777	3,609
Total income	28,934	33,881	137,807	15,842	16,009	232,473
Write down of inventory to net realize value	-	-	(6,497)	-	(2,520)	(9,017)
Net valuation gains	15,682	8,352	3,571	1,760	1,656	31,021
Segment result	32,661	29,172	84,751	12,184	95	158,863
Share of losses of companies accounted for at equity, net	-	-	-	(1,200)	-	(1,200)
Unallocated expenses						(23,102)
Operating profit						134,561
Net financing costs						(31,876)
Taxes on income						(24,665)
Profit for the period						78,020

Note 24 - Operating Segments (cont'd)

In thousands of Euros

	For the year ended at December 31, 2021					
	Czech Republic	**Serbia**	**Romania**	**Poland**	**Other regions**	**Total consolidated**
Income from external customers:						
Gross rental income	15,003	17,836	79,596	9,496	1,194	123,125
Proceeds from sale of trading property	42,760	7,920	185	11,536	13,332	75,733
Service charge income	4,856	6,369	26,331	3,120	589	41,265
Other income	450	542	584	219	3,576	5,371
Total income	63,069	32,667	106,696	24,371	18,691	245,494
Write down of inventory to net realize value			(4,184)		(261)	(4,445)
Net valuation gains	11,435	7,385	11,689	260	245	31,014
Segment result	40,261	26,598	81,959	12,238	4,011	165,067
Share of earnings of companies accounted for at equity, net	-	136	-	-	-	136
Unallocated expenses						(18,164)
Operating profit						147,039
Net financing costs						(44,672)
Taxes on income						(10,963)
Profit for the period						91,404

Note 24 - Operating Segments (cont'd)

In thousands of Euros

	For the year ended at December 31, 2023					
	Czech Republic	**Serbia**	**Romania**	**Poland**	**Other Regions**	**Total Consolidated**
Investment property and investment property under development	545,650	588,445	1,448,819	312,901	32,119	2,927,934
Inventory of buildings and land	32,019	-	56,442	9,672	35,783	133,916
Total	577,669	588,445	1,505,261	322,573	67,902	3,061,850
Unallocated assets						448,866
Total assets						3,510,716
Segment liabilities	274,567	66,787	683,307	118,689	11,449	1,154,799
Unallocated liabilities						1,391,292
Total liabilities						2,546,091

In thousands of Euros

	For the year ended at December 31, 2022					
	Czech Republic	**Serbia**	**Romania**	**Poland**	**Other Regions**	**Total Consolidated**
Investment property and investment property under development	502,067	528,492	1,414,326	238,080	29,750	2,712,715
Inventory of buildings and land	34,989	-	63,232	22,679	30,658	151,558
Total	537,056	528,492	1,477,558	260,759	60,408	2,864,273
Unallocated assets						408,523
Total assets						3,272,796
Segment liabilities	194,123	14,823	602,386	84,062	3,345	898,739
Unallocated liabilities						1,426,646
Total liabilities						2,325,385

Note 25- Group Entities

Following below a list of all the Company's subsidiaries:

	Country of incorporation	December 31, 2023	December 31, 2022
AFI Vokovice s.r.o.	Czech Republic	100.0	100.0
M.I.C.C Prague s.r.o.	Czech Republic	100.0	100.0
Tulipa City s.r.o.	Czech Republic	100.0	100.0
AFI Karlin s.r.o.	Czech Republic	100.0	100.0
AFI Europe Czech Republic s.r.o	Czech Republic	100.0	100.0
Faringer Enterprises Ltd.	Cyprus	100.0	100.0
Classic 7 s.r.o.	Czech Republic	100.0	100.0
Classic Park Group s.r.o.	Czech Republic	100.0	100.0
Tulipa Trebesin s.r.o.	Czech Republic	100.0	100.0
Classic Park III s.r.o.	Czech Republic	100.0	100.0
AFI CityTower s.r.o.	Czech Republic	100.0	100.0
Petrinski Dvur s.r.o.	Czech Republic	100.0	100.0
TK 4 Rent s.r.o. (4)	Czech Republic	100.0	100.0
TT 4 Rent s.r.o. (4)	Czech Republic	100.0	100.0
TC 4 Rent s.r.o. (4)	Czech Republic	100.0	100.0
TK Management s.r.o (4)	Czech Republic	100.0	100.0
TC Management s.r.o (4)	Czech Republic	100.0	100.0
AFI Avenir Park s.r.o	Czech Republic	100.0	100.0
Kolbenova 2 s.r.o. (4)	Czech Republic	100.0	-
Kolbenova 2 Management s.r.o. (4)	Czech Republic	100.0	-
Intrastar International Ltd. (1)	British Virgin Islands	100.0	100.0
Galway Consolidated Ltd. (1)	British Virgin Islands	100.0	100.0
Airport City d.o.o. (1)	Serbia	100.0	100.0
AFI Property Management d.o.o	Serbia	100.0	100.0
Airport City West Gate LLC	Serbia	100.0	100.0
Airport City East Gate LLC	Serbia	100.0	100.0
Direct Capital S d.o.o (3)	Serbia	100.0	100.0
Orchid Group d.o.o	Serbia	96.0	96.0
West Port d.o.o	Serbia	100.0	100.0
AFI Management LLC	Serbia	100.0	100.0
AFI Zmaj West LLC	Serbia	96.0	96.0
AFI Zmaj East LLC	Serbia	96.0	96.0
AFI Zmaj North LLC	Serbia	96.0	-
Skyline Home LLC	Serbia	96.0	96.0
Premium Property Management EOOD	Bulgaria	100.0	100.0
AFI Lagera Tulip EOOD	Bulgaria	100.0	100.0
Plovdiv Logistic Center AD	Bulgaria	75.0	75.0
Malina Gardens EOOD	Bulgaria	100.0	100.0
AFI Europe Bulgaria EOOD	Bulgaria	100.0	100.0
Business Park Varna EOOD	Bulgaria	100.0	100.0
AFI Europe Management S.R.L.	Romania	100.0	100.0

Note 25- Group Entities (cont'd)

	Country of incorporation	December 31, 2023	December 31, 2022
Cotroceni Park SA	Romania	98.58	98.58
Contronceni Investments Ltd.	Cyprus	100.0	100.0
AFI Arad S.R.L.	Romania	100.0	100.0
Star Estate S.R.L.	Romania	100.0	100.0
AFI Palace Ploiesti S.R.L	Romania	100.0	100.0
AFI BNOI S.R.L	Romania	100.0	100.0
AFI Tech Park S.R.L	Romania	100.0	100.0
AFI Magurele S.R.L	Romania	100.0	100.0
AFI Park 1 S.R.L	Romania	100.0	100.0
AFI Park 2 S.R.L.	Romania	100.0	100.0
AFI Park Building 3 S.R.L.	Romania	100.0	100.0
AFI Park offices 4&5 S.R.L.	Romania	100.0	100.0
AFI Home North S.R.L (4)	Romania	100.0	100.0
AFI Palace Brasov S.R.L.	Romania	100.0	100.0
AFI Global Park S.R.L.	Romania	100.0	100.0
AFI HoldCo S.R.L.	Romania	100.0	100.0
AFI Victoriei Plaza S.R.L. (5)	Romania	100.0	100.0
AFI Park Floreasca S.R.L. (5)	Romania	100.0	100.0
AFI Lakeview S.R.L. (5)	Romania	100.0	100.0
AFI Park Timisoara Buildings A&B S.R.L. (5)	Romania	100.0	100.0
AFI Park Timisoara Building C S.R.L. (5)	Romania	100.0	100.0
AFI Park Timisoara Buildings D&E S.R.L. (5)	Romania	100.0	100.0
Novo Maar Sp. z o.o	Poland	100.0	100.0
AFI Zlota 83 Sp. z o.o (7)	Poland	100.0	100.0
Wilanow one Sp. z o.o	Poland	-	100.0
AFI Management Sp. z o.o	Poland	100.0	100.0
AFI Project 1 Sp. z o.o	Poland	100.0	100.0
AFI Project 2 Sp. z o.o	Poland	100.0	100.0
AFI Project 3 Sp. z o.o (7)	Poland	100.0	100.0
AFI Project 4 Sp. z o.o (4)	Poland	100.0	100.0
AFI Project 5 Sp. z o.o (4)	Poland	100.0	100.0
AFI Project 6 Sp. z o.o (4)	Poland	100.0	100.0
AFI Project 7 Sp. z o.o (7)	Poland	100.0	100.0
AFI Project 8 Sp. z o.o (7)	Poland	100.0	100.0
AFI Project 9 Sp. z o.o	Poland	100.0	100.0
AFI Project 10 Sp. z o.o (4)	Poland	100.0	100.0
AFI Project 11 Sp. z o.o (7)	Poland	100.0	100.0
AFI Project 12 Sp. z o.o (4)	Poland	100.0	-
Varnell Investments Sp. z o.o	Poland	100.0	100.0
Carnea 2 sp. z o.o. (4)	Poland	100.0	100.0
AFI Lazurowa sp. z o.o. (4)	Poland	100.0	100.0
Pebworth sp. z o.o.	Poland	100.0	100.0
Projekt Echo – 138 sp. z o.o.	Poland	70.0	70.0
Projekt Towarowa 22 sp. z o.o. (formerly: Projekt Echo – 138 sp. Z o.o. s.k.) (6)	Poland	70.0	70.0
AFI Advisory sp. z o.o.	Poland	100.0	-

Note 25- Group Entities (cont'd)

	Country of incorporation	December 31, 2023	December 31, 2022
AFI Kabaty sp. z o.o. (4)	Poland	100.0	-
SIA AFI Investments	Latvia	100.0	100.0
SIA AFI Management	Latvia	100.0	100.0
SIA B.R. Holdings	Latvia	100.0	100.0
SIA Anninmuizas Ipasums	Latvia	100.0	100.0
AFI Europe Hungary Kft.	Hungary	-	100.0
AFI Properties Berlin B.V.	The Netherlands	100.0	100.0
Margalit Grundstucks GmbH & Co. KG	Germany	-	100.0
AFI Properties B.V.	The Netherlands	100.0	100.0
Peerly Grundstucks GmbH & Co. KG	Germany	-	100.0
AFI Properties Logistics B.V.	The Netherlands	100.0	100.0
Harel Grundsturcks GmbH & Co. KG	Germany	-	100.0
AFI Properties Development B.V.	The Netherlands	100.0	100.0
AFI Germany Investment GmbH	Germany	100.0	100.0
AFI Germany GmbH	Germany	100.0	100.0
AFIEM Cyprus Limited	Cyprus	100.0	100.0
AFI Corporate Financing B.V.	The Netherlands	100.0	100.0
AFI Mixed-Use Projects B.V. (2)	The Netherlands	100.0	100.0
AFI Home B.V.	The Netherlands	100.0	100.0
AFI Home Poland B.V. (4)	The Netherlands	100.0	-
AFI Project Developers B.V.	The Netherlands	100.0	100.0
AFI Europe (Israel Branch) Ltd.	Israel	100.0	100.0
M.S.A. Efrat Investments Ltd	Israel	100.0	100.0
D.B.M. Harel Investments Ltd (2006)	Israel	100.0	100.0

(1) Intrastar holds 85% in Airport City Belgrade d.o.o. and Galway Consolidated Ltd. holds 15% in Airport City Belgrade d.o.o.
(2) The rights of AFI Europe N.V in profits 96%. The rights to vote and risks 100%
(3) The ownership is by AFI Project Developers B.V (100%)
(4) The ownership is by AFI Home B.V (100%)
(5) The ownership is by AFI HoldCo S.R.L. (100%)
(6) The ownership is by Pebworth sp. z o.o. (70%)
(7) The ownership is by AFI Home Poland B.V (100%)