

EASTERNMED REAL ESTATE CAPITAL PLC

**REPORT AND INTERIM UNAUDITED
FINANCIAL STATEMENTS**

For the period from 1 April 2022 to 30
September 2022

EASTERNMED REAL ESTATE CAPITAL PLC

REPORT AND INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

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EASTERNMED REAL ESTATE CAPITAL PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|------------------------------|---|
| Board of Directors: | Ioannis Papaioannou Ellie Kioupi Marcos Panteleimon Klerides Athanasios Martinos Marina Martinou Costas Neocleous Dionysios Psallidas |
| Company Secretary: | K and K Secretarial Limited |
| Independent Auditors: | Markos Drakos & Co Ltd Chartered Accountants 86 Ifigenias Street 2003 Nicosia Cyprus |
| Registered office: | Kyriakou Matsi 11, 8th floor, Nicosia 1082 Cyprus |
| Bankers: | Bank of Cyprus Public Company Ltd HSBC Plc Credit Suisse AG Natwest Bank Plc |
| Registration number: | HE394500 |

EASTERNMED REAL ESTATE CAPITAL PLC

MANAGEMENT REPORT

The Board of Directors presents its report and unaudited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the period from 1 April 2022 to 30 September 2023.

Principal activity and nature of operations of the Group

The principal activity of the Group is the holding of investment properties (commercial real estate assets primarily in the office sector in the United Kingdom and Switzerland) for long-term rental yields and for capital appreciation.

Review of current position, and performance of the Group's business

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in notes 6 and 27 of the consolidated financial statements.

The Coronavirus COVID-19 pandemic, the invasion of Russia in the Ukraine and the extensive financial and other sanctions imposed to Russia and the United Kingdom's withdrawal from the European Union may potentially have a wide impact on the economies and especially on the immovable property markets of the UK and Switzerland, the countries that the Group is operating in, which is difficult to predict.

This operating environment may have a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

Future developments of the Group

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Group in the foreseeable future.

Use of financial instruments by the Group

The Group is exposed to market price risk, interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

Market price risk

The Group is exposed to debenture price risk because of investments held by the Group and classified on the consolidated statement of financial position at fair value through profit or loss. The Group is not exposed to commodity price risk.

The Group's debenture investments issued by two Russian banks that are traded in the Moscow Exchange are since the start of the war on 24 February 2022 not traded and are already in default of interest payments in the period under review.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from contractual cash flows of debt investments carried at fair value through profit or loss (FVTPL) and deposits with banks and financial institutions, as well as credit exposures to tenants.

EASTERNMED REAL ESTATE CAPITAL PLC

MANAGEMENT REPORT

Credit risk is managed on a group basis. For banks and financial institutions, the Group has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'C'.

If tenants are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the tenant, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the tenant in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Share capital

There were no changes in the share capital of the Company during the period under review.

Board of Directors

The members of the Group's Board of Directors as at 30 September 2022 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the period from 1 April 2022 to 30 September 2023.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Independent Auditors

The Independent Auditors, Markos Drakos & Co Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

K and K Secretarial Limited
Secretary

Nicosia, 21 December 2022

EASTERNMED REAL ESTATE CAPITAL PLC

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 April 2022 to 30 September 2022

| | Note | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|--|------|---------------------------------|---------------------------------|
| Revenue | 7 | 11.886.444 | 12.488.817 |
| Rental expenses | 8 | (872.187) | (1.115.402) |
| Gross profit | | 11.014.257 | 11.373.415 |
| Other operating income | 9 | 105.814 | 2.201.432 |
| Fair value losses on financial assets at fair value through profit or loss | 10 | (79.119) | 119.029 |
| Selling and distribution expenses | | (4.086) | (26.139) |
| Administration expenses | 11 | (385.274) | (266.645) |
| Net impairment (loss)/profit on financial and contract assets | | (8.424) | (20.568) |
| Operating profit | | 10.643.168 | 13.380.524 |
| Finance income | 12 | 316.658 | 41.971 |
| Finance costs | 12 | (261.290) | (298.453) |
| Profit before tax | | 10.698.536 | 13.124.042 |
| Tax | 13 | (1.887.280) | (2.448.338) |
| Net profit for the period | | 8.811.256 | 10.675.704 |
| Other comprehensive income | | | |
| Exchange difference arising on the translation and consolidation of subsidiary companies' financial statements denominated in other currency | | 12.189.387 | (2.701.123) |
| Other comprehensive income for the period | | 12.189.387 | (2.701.123) |
| Total comprehensive income for the period | | 21.000.643 | 7.974.581 |


The notes on pages 8 to 25 form an integral part of these consolidated financial statements.


EASTERNMED REAL ESTATE CAPITAL PLC

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 September 2022

| | Note | 30/09/2022 UK£ | 31/03/2022 UK£ |
|---|------|---------------------------|---------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and equipment | | 451 | 479 |
| Right-of-use assets | 14 | 5,422,344 | 5,454,429 |
| Investment properties | 15 | 615,979,648 | 598,430,300 |
| Intangible assets | 16 | 3,149,872 | 3,149,872 |
| | | <u>624,552,315</u> | <u>607,035,080</u> |
| Current assets | | | |
| Trade and other receivables | 17 | 4,749,846 | 3,710,661 |
| Financial assets at fair value through profit or loss | 18 | 10,462,881 | 10,541,300 |
| Cash at bank | 19 | 34,781,932 | 27,402,382 |
| | | <u>49,994,659</u> | <u>41,654,343</u> |
| Total assets | | <u>674,546,974</u> | <u>648,689,423</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 20 | 547,394,670 | 547,394,670 |
| Share premium | 20 | 563,124 | 563,124 |
| Other reserves | 21 | 35,879,671 | 23,690,284 |
| Retained earnings | | <u>23,852,449</u> | <u>15,041,193</u> |
| Total equity | | <u>607,689,914</u> | <u>586,689,271</u> |
| Non-current liabilities | | | |
| Borrowings | 22 | 32,419,157 | 27,924,124 |
| Lease liabilities | 23 | <u>5,764,675</u> | <u>5,778,045</u> |
| | | <u>38,183,832</u> | <u>33,702,169</u> |
| Current liabilities | | | |
| Trade and other payables | 24 | 5,725,858 | 6,369,056 |
| Deferred income | 25 | 1,368,379 | 1,554,819 |
| Borrowings | 22 | 17,700,020 | 17,708,835 |
| Lease liabilities | 23 | 76,471 | 76,465 |
| Current tax liabilities | 26 | <u>3,802,500</u> | <u>2,588,808</u> |
| | | <u>28,673,228</u> | <u>28,297,983</u> |
| Total liabilities | | <u>66,857,060</u> | <u>62,000,152</u> |
| Total equity and liabilities | | <u>674,546,974</u> | <u>648,689,423</u> |

On 21 December 2022 the Board of Directors of Easternmed Real Estate Capital plc authorised these consolidated financial statements for issue.


Athanasios Martinos
Director


Dionysios Psallidas
Director

The notes on pages 8 to 25 form an integral part of these consolidated financial statements.

EASTERNMED REAL ESTATE CAPITAL PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2022 to 30 September 2022

| | Share capital UK£ | Share premium UK£ | Non- refundable advances UK£ | Translation reserve UK£ | Retained earnings UK£ | Total UK£ |
|---|----------------------|-------------------------|---------------------------------------|-------------------------------|-----------------------------|--------------------|
| Balance at 1 April 2021 | 547,394,670 | 563,124 | - | 547,547 | 8,988,102 | 557,493,443 |
| Net profit for the period | - | - | - | - | 10,675,704 | 10,675,704 |
| Other comprehensive income for the period | - | - | - | 3,677,593 | - | 3,677,593 |
| Repayments for the period | - | - | 19,465,144 | - | - | 19,465,144 |
| Balance at 30 September 2021 | 547,394,670 | 563,124 | 19,465,144 | 4,225,140 | 19,663,806 | 591,311,884 |
| Balance at 1 April 2022 | 547,394,670 | 563,124 | 19,465,144 | 4,225,140 | 15,041,193 | 586,689,271 |
| Net profit for the period | - | - | - | - | 8,811,256 | 8,811,256 |
| Other comprehensive income for the period | - | - | - | 12,189,387 | - | 12,189,387 |
| Balance at 30 September 2022 | 547,394,670 | 563,124 | 19,465,144 | 16,414,527 | 23,852,449 | 607,689,914 |

Share premium and translation reserve are not available for distribution.

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. United Kingdom Pounds) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

The non-refundable advances from shareholders are made available to the Board of Directors for future increases of the share capital of the Company.

The notes on pages 8 to 25 form an integral part of these consolidated financial statements.

EASTERNMED REAL ESTATE CAPITAL PLC

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 April 2022 to 30 September 2022

| | Note | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|---|------|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 10,698,536 | 13,124,042 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 27 | 49 |
| Depreciation of right-of-use assets | 14 | 32,085 | 31,865 |
| Exchange difference arising on the translation of non-current assets in foreign currencies | | (11,335,402) | 4,031,501 |
| Exchange difference arising on the translation and consolidation of foreign companies' financial statements | | 12,189,387 | 3,677,593 |
| Unrealised exchange profit | | (3,385) | (12,342) |
| Fair value losses on financial assets at fair value through profit or loss | | 79,119 | 3,177,295 |
| Impairment charge/(reversal of impairment) of trade receivables | 17 | 8,424 | (88,018) |
| | 10 & | | |
| Interest income | 12 | (313,075) | (538,945) |
| Interest expense | 12 | 216,005 | 277,937 |
| | | 11,571,721 | 23,680,977 |
| Changes in working capital: | | | |
| (Increase)/decrease in trade and other receivables | | (1,047,609) | 1,633,466 |
| Increase in financial assets at fair value through profit or loss | | (700) | (13,758) |
| (Increase)/decrease in bank deposits | | (45,663) | 145,865 |
| Decrease in trade and other payables | | (643,198) | (129,706,520) |
| Decrease in deferred income | | (186,440) | (116,200) |
| Cash generated from/(used in) operations | | 9,648,111 | (104,376,170) |
| Tax paid | | (673,588) | (2,256,612) |
| Net cash generated from/(used in) operating activities | | 8,974,523 | (106,632,782) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for purchase of investment property | 15 | (806,684) | - |
| Interest received | | 313,075 | 538,945 |
| Net cash (used in)/generated from investing activities | | (493,609) | 538,945 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Non-refundable advances | | - | 19,465,144 |
| Repayments of borrowings | | (920,000) | (1,185,000) |
| Payments of leases liabilities | | (13,364) | (14,123) |
| Interest paid | | (216,005) | (277,937) |
| Net cash (used in)/generated from financing activities | | (1,149,369) | 17,988,084 |
| Net increase/(decrease) in cash and cash equivalents | | 7,331,545 | (88,105,753) |
| Cash and cash equivalents at beginning of the period | | 27,046,816 | 115,140,227 |
| Effect of exchange rate fluctuations on cash held | | 3,383 | 12,342 |
| Cash and cash equivalents at end of the period | 19 | 34,381,744 | 27,046,816 |

The notes on pages 8 to 25 form an integral part of these consolidated financial statements.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS For the period from 1 April 2022 to 30 September 2022

1. Incorporation and principal activities

Country of incorporation

The Company Easternmed Real Estate Capital plc (the "Company") was incorporated in Cyprus on 14 February 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Kyriakou Matsi 11, 8th floor, Nicosia, 1082, Cyprus.

Unaudited financial statements

The consolidated financial statements for the six months ended on 30 September 2022 and 30 September 2021 respectively, have not been audited by the external auditors of the Company.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2022 and relevant to the Company have been adopted by the EU through the endorsement procedure established by the European Commission.

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of, investment property, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

3. Adoption of new or revised standards and interpretations

During the current period the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2022. This adoption did not have a material effect on the accounting policies of the Group.

4. Significant accounting policies

The consolidated financial statements, which are presented in United Kingdom Pounds, have been prepared in accordance with international Financial Reporting Standards, including IAS 34 "Interim Financial Reporting"

The accounting policies used in the preparation of the consolidated financial statements are in accordance with those used in the annual financial statements for the year ended 31 December 2021.

Costs that are incurred during the financial year are anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.

Corporation tax is calculated based on the expected tax rates for the whole financial year.

These consolidated financial statements must be read in conjunction with the annual financial statements for the year ended 31 December 2021.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

5. New accounting pronouncements

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

6. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Calculation of loss allowance**

When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Group's accounting policies

- **Fair value of investment property**

The fair value of investment property is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment property has been estimated based on the fair value of their individual assets.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

6. Critical accounting estimates, judgments and assumptions (continued)

• Impairment of non-financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

• Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

• Useful life of depreciable assets

The Board of Directors assesses the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

7. Revenue

The Group derives its revenue mainly from rental contracts with tenants.

Disaggregation of revenue

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|----------------------------|---------------------------------|---------------------------------|
| Rent receivable | 11,632,945 | 12,075,786 |
| Other income from property | 253,499 | 413,031 |
| | <u>11,886,444</u> | <u>12,488,817</u> |

8. Rental expenses

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|---------------------------|---------------------------------|---------------------------------|
| Property rates and taxes | - | 34,581 |
| Energy expenses | 72,031 | 28,952 |
| Repairs and maintenance | 170,613 | 328,381 |
| Electricity | 67,401 | 48,513 |
| Water supply and cleaning | 4,345 | 27,950 |
| Insurance | 111,498 | 111,084 |
| Sundry expenses | 31,502 | 2,260 |
| Other professional fees | 31,888 | 24,918 |
| Agent management fees | 262,071 | 411,317 |
| Salaries and wages abroad | 120,838 | 97,446 |
| | <u>872,187</u> | <u>1,115,402</u> |

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

9. Other operating income

| | | |
|--|----------------|------------------|
| Compensation for damages | - | 2,077,163 |
| Compensation for early termination of rental contracts | <u>105,814</u> | <u>124,269</u> |
| | <u>105,814</u> | <u>2,201,432</u> |

10. Net (loss)/profit from investing activities

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|--|---------------------------------|---------------------------------|
| Interest income | - | 168,962 |
| Fair value losses on financial assets at fair value through profit or loss | <u>(79,119)</u> | <u>(49,933)</u> |
| | <u>(79,119)</u> | <u>119,029</u> |

11. Administration expenses

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|---|---------------------------------|---------------------------------|
| Common expenses | 396 | 422 |
| Annual levy | 886 | 2,322 |
| Electricity | 1,511 | 1,230 |
| Water supply and cleaning | 1,130 | 787 |
| Insurance | - | 27,659 |
| Repairs and maintenance | 4,351 | 293 |
| Sundry expenses | 547 | 9,692 |
| Equipment maintenance | 269 | - |
| Auditors' remuneration - current period | 1,780 | 25,519 |
| Auditors' remuneration for the statutory audit of annual accounts | 3,318 | 4,779 |
| Auditors' remuneration for other non-audit services | 2,611 | 12,972 |
| Auditors' remuneration - prior years | - | (345) |
| Accounting fees | 800 | 10,067 |
| Legal fees | 28,851 | 26,517 |
| Legal and professional | - | 5,118 |
| Other professional fees | 286,525 | 107,581 |
| Overseas travelling | 20,187 | - |
| Depreciation of right-of-use assets | 32,085 | 31,969 |
| Depreciation | <u>27</u> | <u>63</u> |
| | <u>385,274</u> | <u>266,645</u> |

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

12. Finance income/(costs)

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|---------------------------------------|---------------------------------|---------------------------------|
| Finance income | | |
| Interest on debentures | 313.075 | - |
| Realised foreign exchange profit | 198 | 41.527 |
| Unrealised foreign exchange profit | 3.385 | 444 |
| Bank and other loans interest | 316.658 | 41.971 |
| Finance costs | | |
| Interest expense | | |
| Loan interest | (157.295) | (218.152) |
| Interest expense on lease liabilities | (58.710) | (58.998) |
| Interest on taxes | - | (787) |
| Sundry finance expenses | | |
| Bank charges | (7.094) | (11.248) |
| Net foreign exchange losses | | |
| Realised foreign exchange loss | (38.191) | (9.268) |
| | (261.290) | (298.453) |
| Net finance income/(costs) | 55.368 | (256.482) |

13. Tax

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|---------------------------------------|---------------------------------|---------------------------------|
| Corporation tax - current period | - | 4.270 |
| Overseas tax | 1.886.690 | 2.444.068 |
| Defence contribution - current period | 116 | - |
| Defence contribution - prior years | 474 | - |
| Charge for the period | 1.887.280 | 2.448.338 |

The tax on the Group's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|---|---------------------------------|---------------------------------|
| Profit before tax | 10.698.536 | 13.124.042 |
| Tax calculated at the applicable tax rates | 1.337.317 | 1.640.505 |
| Tax effect of expenses not deductible for tax purposes | 22.979 | 416.403 |
| Tax effect of allowances and income not subject to tax | (1.493.397) | (2.052.638) |
| 10% additional charge | 133.101 | - |
| Defence contribution current period | 116 | - |
| Prior year tax | 474 | - |
| Overseas tax in excess of credit claim used during the period | 1.886.690 | 2.444.068 |
| Tax charge | 1.887.280 | 2.448.338 |

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS For the period from 1 April 2022 to 30 September 2022

13. Tax (continued)

The corporation tax rate in Cyprus is 12,5%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

The Group's rental and other income derives from permanent establishments outside of the Republic and is not taxed in the Republic.

The corporation tax rate in Switzerland can reach up to 30% as companies are taxed on their net profits, the amount of their share capital and the amount of receivable rental income and in the United Kingdom the corporation tax rate is 19%.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

14. Right-of-use assets

| | Land and buildings UK£ |
|-------------------------------------|---------------------------|
| Cost | |
| Balance at 1 April 2021 | 5,879,562 |
| Balance at 30 September 2021 | <u>5,879,562</u> |
| Balance at 1 April 2022 | <u>5,879,562</u> |
| Balance at 30 September 2022 | <u>5,879,562</u> |
| Depreciation | |
| Balance at 1 April 2021 | 393,268 |
| Charge for the period | <u>31,865</u> |
| Balance at 30 September 2021 | <u>425,133</u> |
| Balance at 1 April 2022 | <u>425,133</u> |
| Charge for the period | <u>32,085</u> |
| Balance at 30 September 2022 | <u>457,218</u> |
| Net book amount | |
| Balance at 30 September 2022 | <u>5,422,344</u> |
| Balance at 1 April 2022 | <u>5,454,429</u> |

The Group through one of its subsidiary purchased a leasehold property in London in 2014. The leasehold period is 109 years and expires on 7 June 2123 and the leasehold agreement provides for a yearly payment of ground rent.

The parent company entered into an agreement in 2020 with a third party for the lease of its office in Nicosia. The lease period is 5 years and expires on 30 June 2025, with the option for the company to extend it by 2 years with the same terms.

Amounts recognised in profit and loss:

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|---|---------------------------------|---------------------------------|
| Depreciation expense on right-of-use assets | (32,085) | (31,865) |
| Interest expense on lease liabilities | <u>(58,710)</u> | <u>(58,935)</u> |

15. Investment properties

| | 31/03/2022 UK£ | 30/09/2021 UK£ |
|--------------------------------|---------------------------|---------------------------|
| Balance at 1 April | 598,430,300 | 592,500,605 |
| Additions | 806,684 | - |
| Exchange differences | <u>16,742,664</u> | <u>5,929,695</u> |
| Balance at 30 September | <u>615,979,648</u> | <u>598,430,300</u> |

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

15. Investment properties (continued)

Fair value hierarchy

The fair value of investment properties owned by the Group as at 30 September 2022 was determined by the Board of Directors of each of the Group companies at GBP615,979,648 on the basis of information available to the Boards of the companies for the properties and general information on current conditions of the immovable property market in the UK and Switzerland. The fair value of the investments properties was the same as the last valuation available to the companies prepared by external, independent professional property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued dated 26 April 2021 (except the property jointly owned by the companies Medspectrum Limited and Alphaprecious Ltd which is considered by the Board of Directors of the companies to be equal to the acquisition price of the property purchased in February 2020 at GBP191,247,440).

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

| <u>Description</u> | <u>Fair value at Valuation</u> <u>30 September 2022</u> <u>UK£</u> | <u>Valuation technique</u> | <u>Unobservable input</u> | <u>Range (weighted average)</u> | <u>Relationship of unobservable inputs to fair values</u> |
|--|--|----------------------------|--|---|---|
| Commercial in London | 120,850,000 | Income approach | Assessment of the location of the property | Market value of the building UK£ 949 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |
| Commercial in London | 39,006,685 | Income approach | Assessment of the location of the property | Market value of the building UK£ 590 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |
| Commercial (office and shops) building in London | 32,750,000 | Income approach | Assessment of the location of the property | Market value of the building UK£ 679 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

15. Investment properties (continued)

| <u>Description</u> | <u>Fair value at Valuation</u> <u>30 September 2022</u> <u>UK£</u> | <u>Valuation technique</u> | <u>Unobservable input</u> | <u>Range (weighted average)</u> | <u>Relationship of unobservable inputs to fair values</u> |
|--|--|----------------------------|--|---|---|
| Commercial in London | 13.550.000 | Income approach | Assessment of the location of the property | Market value of the building UK£ 806 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |
| Commercial (office and shops) building in London | 28.500.000 | Income approach | Assessment of the location of the property | Market value of the building UK£ 647 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |
| Commercial in London | 25.100.000 | Income approach | Assessment of the location of the property | Market value of the building UK£ 677 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |
| Commercial in London | 4.525.000 | Income approach | Assessment of the location of the property | Market value of the building UK£ 530 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |
| Commercial (office and shops) building in Geneva | 102.529.234 | Income approach | Assessment of the location of the property | Market value of the building UK£ 647 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |
| Commercial (office and shops) building in Geneva | 57.921.289 | Income approach | Assessment of the location of the property | Market value of the building UK£ 2.036 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

15. Investment properties (continued)

| <u>Description</u> | <u>Fair value at 30 September 2022</u> <u>UK£</u> | <u>Valuation technique</u> | <u>Unobservable input</u> | <u>Range (weighted average)</u> | <u>Relationship of unobservable inputs to fair values</u> |
|----------------------|--|----------------------------|--|---|---|
| Commercial in London | 191,247,440 | Income approach | Assessment of the location of the property | Market value of the building UK£ 840 per square foot. | The fair value will increase/(decrease) if the rental income increases/(decreases) and the corresponding return increases/(decreases) |

Details of investment properties are as follows:

| | 30/09/2022 UK£ | 31/03/2022 UK£ |
|--------------------------------|---------------------------------|--------------------|
| Type | | |
| Commercial buildings in London | 455,562,123 | 454,755,439 |
| Commercial buildings in Geneva | 160,417,525 | 143,674,861 |
| | <u>615,979,648</u> | <u>598,430,300</u> |

During the period, the Group received rental income amounting to UK£11,632,945.

16. Intangible assets

| | Goodwill UK£ |
|-------------------------------------|-------------------------------|
| Cost | |
| Balance at 1 April 2021 | <u>3,149,872</u> |
| Balance at 30 September 2021 | <u>3,149,872</u> |
| Balance at 1 April 2022 | <u>3,149,872</u> |
| Balance at 30 September 2022 | <u>3,149,872</u> |
| Net book amount | |
| Balance at 30 September 2022 | <u>3,149,872</u> |
| Balance at 1 April 2022 | <u>3,149,872</u> |

Goodwill represents the premium paid to acquire the below noted companies (note 21) during the year.

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Alphafocus Ltd
- IHC Immobilien Limited
- Alphaprecious Limited
- Medspectrum Limited

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

17. Trade and other receivables

| | 30/09/2022 | 31/03/2022 |
|---|------------------|------------------|
| | UK£ | UK£ |
| Trade receivables | 1.087.724 | 1.023.594 |
| Agents | 2.766.630 | 2.262.016 |
| Less: credit loss on trade receivables | (84.163) | (77.595) |
| Trade receivables - net | 3.770.191 | 3.208.015 |
| Receivables from related parties (Note 28.1) | - | 6.532 |
| Shareholders' current accounts - debit balances (Note 28.3) | 63.698 | 32.132 |
| Deposits and prepayments | 901.657 | 457.917 |
| Deferred expenses | 6.800 | - |
| Other receivables | 7.500 | 6.065 |
| | 4.749.846 | 3.710.661 |

The Group does not hold any collateral over the trading balances.

Movement in provision for Credit loss on trade receivables:

| | 30/09/2022 | 31/03/2022 |
|--|---------------|---------------|
| | UK£ | UK£ |
| Balance at 1 April | 77.595 | 162.785 |
| Increase in/ (reversal of) provision on expected credit loss recognised on trade receivables | 6.568 | (85.190) |
| Balance at 30 September | 84.163 | 77.595 |

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

18. Financial assets at fair value through profit or loss

| | 30/09/2022 | 31/03/2022 |
|--------------------------------|-------------------|-------------------|
| | UK£ | UK£ |
| Balance at 1 April | 10.541.300 | 13.704.837 |
| Additions | 10.500.700 | 10.513.758 |
| Disposals | (10.500.000) | (10.500.000) |
| Change in fair value | (79.119) | (3.177.295) |
| Balance at 30 September | 10.462.881 | 10.541.300 |

| | Fair values | Cost | Fair values | Cost |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 30/09/2022 | 30/09/2022 | 31/03/2022 | 31/03/2022 |
| | UK£ | UK£ | UK£ | UK£ |
| Debt securities on a Stock Exchange | - | - | - | 3.279.736 |
| Debt securities | 10.462.881 | 10.500.000 | 10.541.300 | 10.500.000 |
| | 10.462.881 | 10.500.000 | 10.541.300 | 13.779.736 |

The financial assets at fair value through profit or loss comprise of marketable debentures that are listed on a stock exchange and are valued at market value at the close of business on 30 September 2022/31 March 2022 by reference to the Stock Exchange quoted bid prices and the non listed securities that are non-marketable bonds with financial institutions that are valued at cost plus accrued interest. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

18. Financial assets at fair value through profit or loss (continued)

In the consolidated cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the consolidated statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

19. Cash at bank

| | 30/09/2022 UK£ | 31/03/2022 UK£ |
|------------------------|-------------------|-------------------|
| Cash at bank | 34,381,764 | 27,047,877 |
| Tenants' bank deposits | 400,168 | 354,505 |
| | <u>34,781,932</u> | <u>27,402,382</u> |

For the purposes of the consolidated cash flow statement, the cash and cash equivalents include the following:

| | 30/09/2022 UK£ | 31/03/2022 UK£ |
|---------------------------|-------------------|-------------------|
| Cash at bank | 34,381,764 | 27,047,877 |
| Bank overdrafts (Note 22) | (20) | (1,061) |
| | <u>34,381,744</u> | <u>27,046,816</u> |

20. Share capital and share premium

| | 30/09/2022 Number of shares | 30/09/2022 € | 30/09/2022 UK£ | 31/03/2022 Number of shares | 31/03/2022 UK£ | 31/03/2022 UK£ |
|-------------------------------------|-----------------------------------|--------------------|------------------------------|-----------------------------------|------------------------------|----------------------|
| Authorised | | | | | | |
| Ordinary | | | | | | |
| shares of €1 | | | | | | |
| each | <u>675,735,610</u> | <u>743,830,792</u> | <u>435,735,610</u> | <u>675,735,610</u> | <u>743,830,792</u> | <u>435,735,610</u> |
| Issued and fully paid | Number of shares | | Share capital UK£ | | Share premium UK£ | Total UK£ |
| Balance at 1 April 2021 | <u>639,426,528</u> | | <u>547,394,670</u> | | <u>563,124</u> | <u>547,957,794</u> |
| Balance at 30 September 2021 | <u>639,426,528</u> | | <u>547,394,670</u> | | <u>563,124</u> | <u>547,957,794</u> |
| Balance at 1 April 2022 | <u>639,426,528</u> | | <u>547,394,670</u> | | <u>563,124</u> | <u>547,957,794</u> |
| Balance at 30 September 2022 | <u>639,426,528</u> | | <u>547,394,670</u> | | <u>563,124</u> | <u>547,957,794</u> |

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

21. Other reserves

| | Non-refundable advances UK£ | Translation reserve UK£ | Total UK£ |
|-------------------------------------|--------------------------------|----------------------------|-------------------|
| Balance at 1 April 2021 | - | 547.547 | 547.547 |
| Exchange difference | - | 3.677.593 | 3.677.593 |
| Non-refundable advances | 19.465.144 | - | 19.465.144 |
| Balance at 30 September 2021 | 19.465.144 | 4.225.140 | 23.690.284 |
| | | | |
| Balance at 1 April 2022 | 19.465.144 | 4.225.140 | 23.690.284 |
| Exchange difference | - | 12.189.387 | 12.189.387 |
| Balance at 30 September 2022 | 19.465.144 | 16.414.527 | 35.879.671 |

The non-refundable advances from shareholders are made available to the Board of Directors for future increases of the share capital of the Company.

Share premium is not available for distribution.

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Swiss franc) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

22. Borrowings

| | 30/09/2022 UK£ | 31/03/2022 UK£ |
|-------------------------------|-------------------|-------------------|
| Current borrowings | | |
| Bank overdrafts (Note 19) | 20 | 1.061 |
| Bank loans | 17.700.000 | 17.707.774 |
| | 17.700.020 | 17.708.835 |
| | | |
| Non-current borrowings | | |
| Bank loans | 21.400.317 | 18.128.000 |
| Other loans | 11.018.840 | 9.796.124 |
| | 32.419.157 | 27.924.124 |
| | | |
| Total | 50.119.177 | 45.632.959 |

The Group through one of its subsidiaries was granted 2 loans from Nike Shipholder Corporation on 28 December 2016 and 7 May 2018 respectively classified under other loans. The first loan bears interest of 1.5% per annum and is repayable with 10 annual installments of CHF 1.162.500 each, on December 29 of each year. The second loan bears interest of 1.5% per annum and is repayable with 6 annual installments of CHF 500.000 each on December 29 of each year.

On 3 January 2022, the Company entered into supplement agreements to the other loan agreements, where a grace period of 2 years was agreed by the parties of the loan agreements for the repayment of the principal and interest instalments.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

22. Borrowings (continued)

The Group through two of its subsidiaries was granted two bank loans. The bank loan 1 is repayable by quarterly installments of CHF 500.000 for each year and bears interest of Libor plus an agreed margin and a minimum of 0,71%, payable quarterly. The bank loan 2 is a Lombard credit facility repayable on demand which bears interest of 0,40% payable quarterly.

Maturity of non-current borrowings:

| | 30/09/2022 | 31/03/2022 |
|----------------------------|-------------------|-------------------|
| | UK£ | UK£ |
| Between one to two years | 6.035.800 | 6.035.800 |
| Between two and five years | 18.107.400 | 18.107.400 |
| After five years | 8.275.957 | 3.780.924 |
| | <u>32.419.157</u> | <u>27.924.124</u> |

The weighted average effective interest rates at the reporting date were as follows:

| | 30/09/2022 | 31/03/2022 |
|-------------|------------|------------|
| | % | % |
| Bank loan 1 | ,71 | ,71 |
| Bank loan 2 | ,4 | ,4 |
| Other loans | 1,5 | 1,5 |

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

23. Lease liabilities

| | 2023 UK£ | 2022 UK£ |
|--------------------------------|------------------|------------------|
| Balance at 1 April | 5,854,510 | 5,868,633 |
| Repayments | (72,074) | (72,328) |
| Interest | 58,710 | 58,935 |
| Exchange difference | - | (730) |
| Balance at 30 September | 5,841,146 | 5,854,510 |

| | Minimum lease payments 30/09/2022 UK£ | Interest 30/09/2022 UK£ | Principal 30/09/2022 UK£ | Minimum lease payments 31/03/2022 UK£ | Interest 31/03/2022 UK£ | Principal 31/03/2022 UK£ |
|-------------------------------|---|-------------------------------|--------------------------------|---|-------------------------------|--------------------------------|
| Within one year | 145,471 | 69,000 | 76,471 | 145,471 | 69,006 | 76,465 |
| Between one and five years | 732,507 | 654,320 | 78,187 | 732,507 | 654,320 | 78,187 |
| After five years | 12,817,927 | 7,131,439 | 5,686,488 | 12,817,927 | 7,118,069 | 5,699,858 |
| | 13,695,905 | 7,854,759 | 5,841,146 | 13,695,905 | 7,841,395 | 5,854,510 |

During 2014 the Group through one of its newly acquired subsidiary acquired leasehold property in London. The leasehold period is 109 years and expires on 17 June 2123 and the leasehold agreement provides for a yearly payment of ground rent. entered into a lease rental agreement for a property in London.

During the year 2020, the parent company entered into an agreement for the lease of its office. The lease period is 5 years and expires on 30 June 2025.

All lease obligations are denominated in United Kingdom Pounds.

The fair values of lease obligations approximate to their carrying amounts as presented above.

The Group's obligations under leases are secured by the lessors' title to the leased assets.

24. Trade and other payables

| | 30/09/2022 UK£ | 31/03/2022 UK£ |
|--|-------------------|-------------------|
| Trade payables | 125,254 | 120,648 |
| Prepayments from tenants | 646,916 | 1,018,454 |
| VAT | 726,449 | 931,304 |
| Shareholders' current accounts - credit balances (Note 28.4) | 46,450 | 46,450 |
| Accruals | 684,581 | 486,206 |
| Other creditors | 21,246 | 60,626 |
| Deferred income | 3,473,532 | 3,704,999 |
| Payables to fellow subsidiaries (Note 28.2) | 1,430 | 99 |
| Payables to other related parties (Note 28.2) | - | 270 |
| | 5,725,858 | 6,369,056 |

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

25. Deferred income

| | 30/09/2022 | 31/03/2022 |
|-----------------|------------------|------------------|
| | UK£ | UK£ |
| Client advances | <u>1.368.379</u> | <u>1.554.819</u> |
| | <u>1.368.379</u> | <u>1.554.819</u> |

26. Current tax liabilities

| | 30/09/2022 | 31/03/2022 |
|----------------------------------|------------------|------------------|
| | UK£ | UK£ |
| Corporation tax | 4.461 | 9.200 |
| Special contribution for defence | 358 | 663 |
| Overseas tax | <u>3.797.681</u> | <u>2.578.945</u> |
| | <u>3.802.500</u> | <u>2.588.808</u> |

27. Operating Environment of the Group

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus, Switzerland and the UK have adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Group has no trading direct exposure to Russia, Ukraine and Belarus as the group owns no properties in these countries and none of its properties are rendered out to tenants from these countries. However, the company has invested in debentures issued by two Russian Banks which are, since the war started, not traded in the Moscow Stock Exchange and are in default for payment of interest to the debenture holders. The specific investments have already been fully impaired in the financial statements and have reduced the Group's profitability.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

27. Operating Environment of the Group (continued)

Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Group. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there will be no further significant impact in the Group's profitability position. The event is not expected to have an immediate material impact on the business trading operations. Management will continue to monitor the situation closely and will assess the possible impact on the Group's activities in case the crisis becomes prolonged.

28. Related party transactions

As of 2 September 2021, the Company's share capital is held by the companies Kosmima Holdings Limited, Oceanroutes Shipping and Trading Limited, Seas of Levante Shipping and Financing Limited, Medventure Shipping Corporation Limited and Medvanguard Shipping Corporation Limited which own 10,82407%, 7,19629%, 7,19629%, 7,19629%, 7,19629% respectively (before 2 September 2021 they owned 13.74%, 9.13%, 9.13%, 9.13% and 9.13% respectively) and by the non-Cyprus tax resident individuals Mr. Athanasios Martinos, Mrs Marina Martinou, Mrs Marina Mathilde Martinou, Mrs Georgia Chatzi and Mrs Elli Ioannou Chatzi who own 20.43396%, 20.22501%, 19.72866%, 0.00157% and 0.00157% respectively (before 2 September 2021 they owned 16.79%, 16.79%, 16.16%, 0% and 0% respectively).

The following transactions were carried out with related parties:

28.1 Receivables from related parties (Note 17)

| <u>Name</u> | <u>Nature of transactions</u> | 30/09/2022 UK£ | 31/03/2022 UK£ |
|---------------------|-------------------------------|--------------------------|-------------------|
| Medprestige Limited | Finance | - | 6.532 |
| | | <u>-</u> | <u>6.532</u> |

The receivables from related parties were provided interest free, and there was no specified repayment date.

28.2 Payables to related parties (Note 24)

| <u>Name</u> | <u>Nature of transactions</u> | 30/09/2022 UK£ | 31/03/2022 UK£ |
|---------------------------------------|-------------------------------|--------------------------|-------------------|
| Easternmed Real Estate Management Ltd | Finance | 1.430 | 369 |
| | | <u>1.430</u> | <u>369</u> |

The payables to related parties were provided interest free, and there was no specified repayment date.

28.3 Shareholders' current accounts - debit balances (Note 17)

| | 30/09/2022 UK£ | 31/03/2022 UK£ |
|--|--------------------------|-------------------|
| Seas of Levante Shipping and Financing Limited | 15.924 | 8.033 |
| Medvanguard Shipping corporation Limited | 15.924 | 8.033 |
| Medventure Shipping Corporation Limited | 15.925 | 8.033 |
| Oceanroutes Shipping and Trading Limited | 15.925 | 8.033 |
| | <u>63.698</u> | <u>32.132</u> |

The directors'/shareholders' current accounts are interest free, and have no specified repayment date.

EASTERNMED REAL ESTATE CAPITAL PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

28. Related party transactions (continued)

28.4 Shareholders' current accounts - credit balances (Note 24)

| | 30/09/2022 | 31/03/2022 |
|--------------------------------|---------------|---------------|
| | UK£ | UK£ |
| Shareholders' current accounts | <u>46.450</u> | <u>46.450</u> |
| | <u>46.450</u> | <u>46.450</u> |

The shareholders' current accounts are interest free, and have no specified repayment date.

29. Contingent liabilities

The Group had no contingent liabilities as at 30 September 2022.

30. Commitments

The Group had no capital or other commitments as at 30 September 2022.

31. Events after the reporting period

As explained in note 27 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2023 which relate to new developments that occurred after the reporting period.

EASTERNMED REAL ESTATE CAPITAL PLC

ADDITIONAL INFORMATION TO THE UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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EASTERNMED REAL ESTATE CAPITAL PLC

DETAILED INCOME STATEMENT

For the period from 1 April 2022 to 30 September 2022

| | | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|--|------|--|--|
| | Page | | |
| Revenue | | | |
| Net rent receivable | 2 | <u>11.014.257</u> | <u>11.373.415</u> |
| Gross profit | | 11.014.257 | 11.373.415 |
| Other operating income | | | |
| Compensation for early termination of rental contracts | | 105.814 | 124.269 |
| Compensation for damages | | - | 2.077.163 |
| Reversal of impairment - trade receivables | | 25.101 | 30.199 |
| Interest income | | <u>-</u> | <u>168.962</u> |
| | | 11.145.172 | 13.774.008 |
| Operating expenses | | | |
| Administration expenses | 3 | (385.274) | (266.645) |
| Selling and distribution expenses | 3 | <u>(4.086)</u> | <u>(26.139)</u> |
| | | 10.755.812 | 13.481.224 |
| Other operating expenses | | | |
| Impairment charge - trade receivables | | (33.525) | (50.767) |
| Fair value losses on financial assets at fair value through profit or loss | | <u>(79.119)</u> | <u>(49.933)</u> |
| Operating profit | | 10.643.168 | 13.380.524 |
| Finance income | 4 | 316.658 | 41.971 |
| Finance costs | 4 | <u>(261.290)</u> | <u>(298.453)</u> |
| Net profit for the period before tax | | <u>10.698.536</u> | <u>13.124.042</u> |

EASTERNMED REAL ESTATE CAPITAL PLC

RENTAL INCOME

For the period from 1 April 2022 to 30 September 2022

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|------------------------------|---------------------------------|---------------------------------|
| Rental income | | |
| Rent receivable | 11.632.945 | 12.075.786 |
| Other income from properties | 253.499 | 413.031 |
| | <u>11.886.444</u> | <u>12.488.817</u> |
| Rental expenses | | |
| Property rates and taxes | - | 34.581 |
| Energy expenses | 72.031 | 28.952 |
| Repairs and maintenance | 170.613 | 328.381 |
| Electricity | 67.401 | 48.513 |
| Water supply and cleaning | 4.345 | 27.950 |
| Insurance | 111.498 | 111.084 |
| Sundry expenses | 31.502 | 2.260 |
| Other professional fees | 31.888 | 24.918 |
| Agent management fees | 262.071 | 411.317 |
| Salaries and wages abroad | 120.838 | 97.446 |
| | <u>872.187</u> | <u>1.115.402</u> |
| Net rent receivable | <u>11.014.257</u> | <u>11.373.415</u> |

EASTERNMED REAL ESTATE CAPITAL PLC

ADMINISTRATION EXPENSES

For the period from 1 April 2022 to 30 September 2022

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|---|---------------------------------|---------------------------------|
| Administration expenses | | |
| Common expenses | 396 | 422 |
| Annual levy | 886 | 2.323 |
| Electricity | 1.511 | 1.230 |
| Water supply and cleaning | 1.130 | 787 |
| Insurance | - | 27.659 |
| Repairs and maintenance | 4.351 | 293 |
| Sundry expenses | 547 | 9.692 |
| Equipment maintenance | 269 | - |
| Auditors' remuneration - current period | 1.780 | 25.519 |
| Auditors' remuneration for the statutory audit of annual accounts | 3.318 | 4.779 |
| Auditors' remuneration for other non-audit services | 2.611 | 12.972 |
| Auditors' remuneration - prior years | - | (345) |
| Accounting fees | 800 | 10.067 |
| Legal fees | 28.851 | 26.517 |
| Other professional fees | 286.525 | 107.581 |
| Legal and professional | - | 5.118 |
| Overseas travelling | 20.187 | - |
| Depreciation of right-of-use assets | 32.085 | 31.969 |
| Depreciation | 27 | 62 |
| | 385.274 | 266.645 |

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|--|---------------------------------|---------------------------------|
| Selling and distribution expenses | | |
| Advertising | 4.086 | 26.139 |
| | 4.086 | 26.139 |

EASTERNMED REAL ESTATE CAPITAL PLC

FINANCE INCOME/COSTS

For the period from 1 April 2022 to 30 September 2022

| | 1/04/2022- 30/09/2022 UK£ | 1/04/2021- 30/09/2021 UK£ |
|--|---------------------------------|---------------------------------|
| Finance income | | |
| Interest on Debentures/ Bonds | 313.075 | - |
| Realised foreign exchange profit | 198 | 41.526 |
| Unrealised foreign exchange profit | 3.385 | 445 |
| | <u>316.658</u> | <u>41.971</u> |
| Finance costs | | |
| Interest expense | | |
| Loan interest | 157.295 | 218.152 |
| Interest expense on lease liabilities | 58.710 | 58.998 |
| Interest on taxes | - | 787 |
| Sundry finance expenses | | |
| Bank charges | 7.094 | 11.248 |
| Net foreign exchange losses | | |
| Realised foreign exchange loss | <u>38.191</u> | <u>9.268</u> |
| | <u>261.290</u> | <u>298.453</u> |