ADVENTUM QUARTUM CENTRAL EUROPE SICAV P.L.C.

Annual Report and Financial Statements
31 December 2021

Company Registration Number: SV 506

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DIRECTORS, OFFICERS AND OTHER INFORMATION

DIRECTORS

Mr. Kristóf Bárány
Mr. Balázs Deim
Mr. Kyle Debono

REGISTERED OFFICE

215/1, Old Bakery Street
Valletta VLT 1451
Malta

COUNTRY OF INCORPORATION

Malta

COMPANY REGISTRATION NUMBER

SV 506

COMPANY SECRETARY

Dr. Omar Zerafa

INVESTMENT MANAGER

Adventum International Ltd
215/1, Old Bakery Street
Valletta VLT 1451
Malta

ADMINISTRATOR

Alter Domus Fund Services (Malta) Limited
Vision Exchange Building
Territorials Street
Zone 1, Central Business District
Birkirkara CBD 1070
Malta

AUDITOR

Ernst & Young Malta Limited
Regional Business Centre,
Achille Ferris Street,
Msida MSD 1751
Malta

DIRECTORS, OFFICERS AND OTHER INFORMATION (CONTINUED)

DEPOSITORY

Dolfin Asset Services Limited
89, Level 5,
St. John's Street
Valletta, VLT 1165
Malta

BANK

Sparkasse Bank Malta p.l.c.
101, Townsquare
Ix-Xatt ta' Qui-si-Sana
Sliema SLM 3112

MALTA CENTRAL SECURITIES DEPOSITORY

Malta Stock Exchange p.l.c.
Garrison Chapel,
Castille Place,
Valletta VLT 1063
Malta

LEGAL ADVISORS

Zerafa Advocates
215/1, Old Bakery Street
Valletta VLT 1451
Malta

INDEPENDENT VALUERS

CBRE Group
400, S. Hope Street,
25th Floor
Los Angeles, California CA 90071
United States of America

MANAGERS' REPORT

Investment Objective

The investment objective of Adventum Quartum Central Europe SICAV plc ("the Company") is to achieve returns in the short-to-medium term under all market conditions. The target growth of the Company is a minimum of six percent (6%) per year with a target IRR of approximately twenty two percent (22%).

Investment Strategy

The Company intends to achieve its investment objectives by buying income producing real estate assets, primarily office buildings and shopping centres in Central Europe, particularly those located in Poland, the Czech Republic, Slovakia, Hungary and Romania (the "Target Region") that produce, or can produce after refurbishment, a yield of approximately eight to ten percent (8% to 10%) or higher. The Company may also target real estate investments in other European jurisdictions excluding Malta. Each real estate acquisition would be financed or refinanced at planned average of sixty percent (60%) loan-to-value (LTV) ratio, thus creating an additional value for the Investors with limited risk. The Company is investing in real estate assets through the use of Special Purpose Vehicles ("SPVs") which are domiciled in the country where the real estates are located.

Business Review

The Manager summarises the most important milestones of financial year ended 31 December 2021, as follows:

- During the year the Company provided loans to Centerus Sp.z.o.o., CO Development Sp Z.o.o and PCRK Invest Zrt., KEQI Kft., Komal Invest Kft., Hermes Invest Kft. for €1,600,000, €600,000, €17,387,555.56, €1,500,000, €2,500,000 and €18,750,000 respectively;
- There have been repayments for the loans provided during the year from PCRK Zrt., Tophill Investments SP Z.o.o, and KEQI Kft, Hermes Invest Kft. amounting to €8,750,000, €334,277.89, €14,536,725.21 and €3,400,000 respectively.
- During 2021, the Company funded new holding companies PCRK Invest Zrt. and Hermes Invest Kft;
- During the year, the Company through Hermes Invest Kft. and NGY propertiers acquired an office building in a commercial location in central Bucharest.
- PCRK Invest Zrt. has issued a 3 year corporate bond in a value of €10,000,000 bearing an interest rate of 5%. The bond was fully subscribed by external investors.

Fund Performance

By 31 December 2021, the value of Net Assets managed had reached €126,357,804 (2020: €116,763,772) resulting in a value of €119,657.0114 (2020: €112,489.1831) per share.

Investors who subscribed at the launch of the Company up to the First Closing, have seen more than 19.66% (2020: 12.48%) yield (YOY increase 7.52%). The leverage at SPV-level is around 50% (2020: 50%).

KYLE DEBONO - DIRECTOR ADVENTUM INTERNATIONAL LTD.

Fund Manager

Date: 28 June 2022
On behalf of the Board of Directors of Adventum International Ltd.

DIRECTORS' REPORT

The Directors of Adventum Quartum Central Europe SICAV p.l.c. (the "Company") present herewith their report and audited annual financial statements for the year ended 31 December 2021. The Company was incorporated on 20 February 2019.

Principal Activities

The Company was formed on 20 February 2019 as a third party managed, stand-alone fund investment company with variable share capital (SICAV) incorporated with limited liability under the Laws of Malta and licensed on 12 March 2019 by the MFSA under the Investment Services Act, (Cap. 370 of the Laws of Malta) as a closed-ended Alternative Investment Fund targeting Qualifying Investors. The Company has a limited period until the end of December 2025, however the Directors have a one-time unilateral discretion to extend the duration of the Company for an additional two-year period.

The Company holds six SPVs (2020: six) through which it holds real estates in the Target Region as detailed below. The investment objective of the Company is to achieve returns in the short-to-medium term under all market conditions. The target growth of the Company is a minimum of six percent (6%) per year with a target IRR of approximately twenty two percent (22%).

Investment Strategy

The Company intends to achieve its investment objectives by buying income producing real estate assets, primarily office buildings and shopping centres in Central Europe, particularly those located in Poland, the Czech Republic, Slovakia, Hungary and Romania (the "Target Region") that produce, or can produce after refurbishment, a yield of approximately eight to ten percent (8% to 10%) or higher. The Company may also target real estate investments in other European jurisdictions excluding Malta. Each real estate acquisition would be financed or refinanced at planned average of sixty percent (60%) loan-to-value (LTV) ratio, thus creating an additional value for the Investors with limited risk.

All investments in real estate will be undertaken through the SPVs. The Company will notify the MFSA in relation to the directors and shareholders of SPVs used by the Company.

The Company may also invest up to twenty percent (20%) of its assets in other real estate AIFs managed by Adventum Zrt (registered address: Hungary, 1052 Budapest, Türr István utca 9. V. em.; Company registration number: 01 10 044114). The Company does not intend to invest in other collective investment schemes managed by Adventum International Ltd. In this case no subscription and/or redemption fees can be charged by the AIF managed by Adventum Zrt, and any management fees charged by Adventum Zrt will be reduced from the management fees charged by Adventum International so only one set of management (excluding performance fee), subscription and/or redemption fees applies.

The Company may also invest a small part of its liquid assets in listed Euro (EUR) denominated government bonds with publicly quoted prices.

The Company shall only invest or reinvest until the 31 December 2022. For this purpose, investment shall refer to the acquiring of a new SPV or a new real estate property. The Company plans to exit after such initial investment period.

The Company has called the total Commitment Capital during the reporting year and there is no further Uncalled Capital.

DIRECTORS' REPORT (CONTINUED)

Results and Dividends
The results for the year are shown on pages 12-15.

As outlined in the Offering Memorandum of the Company, no dividend payment is intended to be distributed to the shareholders.

Business review

Effect of the Corona-Virus (COVID-19) Crisis on the operations of Adventum International Ltd ("the Investment Manager"), Adventum Quartum Central Europe p.l.c. ("the Company") and the performance of the underlying investments

Under the well-known circumstances, the Directors are feeling the necessity of informing the Company's stakeholders about the view of the management regarding the current situation. Although the pandemic has created a never – experienced situation worldwide, and Directors are far from underestimating the seriousness of this, the management Adventum QUARTUM Central Europe SICAV p.l.c. would like to emphasise the continuity of their work.

The Directors have examined the extraordinary measures taken in Malta, as well as in the CEE region, and fine-tuned their actions to conform the daily operation to these changes.

Fortunately, the restrictions applied as well as the consolidating pandemic situation are sometimes hindering, but do not make the activity impossible. Taking into consideration that:

- The unfortunate infections of colleagues in any of the regions did not affect the Company's daily operation seriously;
- All of the offices and investments have been continuously accessible and life has been started to normalize going back to the pre-pandemic practices;
- The work related data bases were safely double stored and reachable even via internet.

The experience over the past year under the Corona-Virus influenced circumstances, the Directors confirmed that their expectation of no serious fall back rather a slight growth was in fact valid. The Company's investments now show slight increase in letting out. Office usage is stable, while the retail sector shows some acceleration. Remaining on the conservative side, the Directors confirm the above evaluation of the situation.

The Directors claim that the situation, although serious, has not even triggered the Company's Business Continuity Plan.

Regarding the Company's investments, the Directors have already been experiencing this extraordinary period long enough to interpret and revaluate the situation, and can see that the volume of the relapse does not jeopardise these projects. The Directors cut back their expectations from extremely optimistic to optimistic, however according to their outlooks these will still yield profits prognosed in the Offering Memorandum of the Company. The relative shortness of the forecast pandemic – even based on the most pessimistic prognoses – compared to the planned investment duration, thanks to the accelerating vaccination, limits the effects of this period on overall profitability. The temporary deterioration didn't even cause short term challenges in liquidity, but surely doesn't influence significantly the long-term value of the real estate portfolio.

Risk and Management

The Company is exposed to a variety of risks and hence operates a risk management strategy with the objective of controlling and minimizing the impact on the financial performance and position. A detailed review of the risk management policies employed by the Company with the exposures to market risk, credit risk, liquidity risk, and capital risk management is included in Note 17 of the financial statements.

DIRECTORS' REPORT (CONTINUED)

Future Developments

In the near future the emphasis has to be put on operative, asset management steps, securing necessary financing and possible refinancing, as well as, lease-up vacant areas. Based on this, the Directors expect that the present value of activity to increase in the foreseeable future.

Directors

The Directors who served during the year under review and as at the date of these financial statements are stated on page 3. In accordance with the Company's article of Association, the directors are to remain in office. During the year, business relationships existed between the Directors of the Fund and Related Parties to the Fund. These relationships are detailed in Note 15 to the financial statements.

Standard License Conditions

As required by the Investment Services Rules for Investment Service Providers regulated by the MFSA, we report that there were no breaches of the standard license conditions or other regulatory requirements during the reporting period which were subject to an administrative penalty or other regulatory sanction.

Events after the reporting period

Significant events in 2022 up to the date of these financial statements were:

At the beginning of 2022, the Directors of the Company has approved the modification of the Company's Offering Memorandum, as a result of a change in the Depository of the Company from Dolfin Asset Services Limited to European Depositary Bank SA, Malta., as well as a change in the composition of the Directors of the fund manager.

The modified Offering Memorandum was approved by MFSA on 28 February 2022 and published on the Company's homepage. These modifications have no direct impact on the Company's financial position.

Russia/Ukraine War

In February 2022, following the military conflict between Russia and Ukraine, certain countries announced new packages of sanctions against the public debt of the Russian Federation and a number of Russian banks, as well as sanctions against a number of connected individuals and entities.

The Company regards these circumstances as non-adjusting events after the reporting period. The Company does not have direct exposures to any party from those countries and currently, the board of Directors are analysing the possible impacts emanating from these events. However, its currentexperience has been that this unfortunate state of affairs had no significant impact on the Company's operations. As the Fund has one Russian investor, the Directors have analysed this situation and came to the conclusion that it does not require immediate action as the person is not directly subject of any sanction. The board of Directors will continue monitoring the situation as it progresses

Change in existing bank loan agreements

Following the closing of the year-end there were no significant changes regarding the existing bank loan agreements, following which the Directors of the Company do not believe that this shall result in a material effect.

DIRECTORS' REPORT (CONTINUED)

Directors' responsibilities

The directors are required by the Companies Act (Cap. 386 of the Laws of Malta) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU, which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss of the company for the year then ended. In preparing the financial statements, the directors should:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern;
- Account for income and charges relating to the accounting period on the accruals basis;
- Value separately the components of asset and liability items;
- Report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386 of the Laws of Malta). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

A resolution to re-appoint Ernst & Young Malta Limited as auditor will be proposed at the Annual General Meeting.

Kyle Debono	**Kristóf Bárány**
Director	**Director**

Date: 28 June 2022

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Report of the Depositary to the Shareholders

Adventum Quantum Central Europe SICAV plc

(Hereinafter referred to as the "Company")

We, Dolfin Asset Services Limited (hereinafter referred to as the "Depositary"), have enquired into the conduct of Adventum International Ltd (hereinafter referred to as the "AIFM") and the Company, for the period 01st January 2021 to 31st December 2021 (the "Period") in our capacity as Depositary to the Company, and in line with the depositary agreement entered into with the Company and the AIFM.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Malta Financial Services Authority (hereinafter referred to as the "MFSA") Investment Services Act (Chapter 370 of the Laws of Malta), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in Part BIV to the MFSA Investment Services Rules for Investment Services Providers. One of these duties is to enquire into the conduct of the AIFM and the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether in our opinion the Company has been managed, in that period, in accordance with the provisions of the Company's Memorandum and Articles of Association and by the MFSA regulations (hereinafter referred to as the "Regulations"). It is the overall responsibility of the AIFM and the Company to comply with these provisions. If the AIFM or the Company has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties outlined in Part BIV of the MFSA's Investment Services Rules and to ensure that in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and its Licence Conditions.

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Opinion

In our opinion, the Company has been managed during the Period, in all material aspects:

i. in accordance with the limitations imposed on investment and borrowing powers of the Company by the constitutional documents and by the Regulations;

ii. otherwise in accordance with the provisions of the Company's constitutional documents and the relevant Rules for Alternative Investment Funds.

Signed today the 11th of March 2022

Ramon Bondin
Director
For and on behalf of
Dolfin Asset Services Limited

STATEMENT OF FINANCIAL POSITION

	Notes	**Adventum Quartum Central Europe SICAV p.l.c**	Adventum Quartum Central Europe SICAV p.l.c
		31 December 2021	31 December 2020
		€	€
ASSETS			
Financial assets at fair value through profit and loss	6	**27,870,043**	21,888,835
Loans and receivables	7	**94,259,193**	95,522,726
Trade and other receivables	8	**303,438**	308,672
Cash and cash equivalents	9	**3,699,095**	1,323,630
Total assets		**126,131,769**	119,043,863
EQUITY AND LIABILITIES			
Capital and reserves			
Founder shares	11	**1,200**	1,200
Total equity		**1,200**	1,200
Liabilities			
Management fees		**337,073**	283,600
Director fees		**2,756**	2,625
Trade and other payables	10	**30,328**	20,443
Total liabilities (excluding net assets attributable to shareholders)		**370,157**	306,668
Total equity and liabilities (excluding net assets attributable to shareholders)		**371,357**	307,868
Net assets attributable to shareholders		**125,760,412**	118,735,995
Founder shareholders		**1,200**	1,200
Net assets attributable to shareholders (at trading value)		**126,357,804**	116,763,772
Adjustments in accordance with IFRS		**(597,392)**	1,972,223
Net asset value (in accordance with IFRS)		**125,760,412**	118,735,995

The notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board on 28 June 2022 and were signed on its behalf by:

Kyle Debono
Director

Kristóf Bárány
Director

STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Adventum Quartum Central Europe SICAV p.l.c 01 January 2021 to 31 December 2021**	Adventum Quartum Central Europe SICAV p.l.c 01 January 2020 to 31 December 2020
		€	€
Income			
Net change in fair value of financial assets at fair value through profit or loss		**3,151,561**	282,117
Interest income		**5,227,952**	5,042,356
Dividend income	16	**1,600,000**	-
Total income		**9,979,513**	5,324,473
Expenses			
Management fees	14	**1,234,445**	1,135,800
Administration fees	14	**19,763**	14,500
Impairment loss	7	**3,243,189**	-
Directors' fees	14	**34,894**	34,787
Other operating expenses	13	**296,786**	317,954
Total expenses		**4,829,077**	1,503,041
Profit before tax		**5,150,436**	3,821,432
Withholding tax		**-**	-
Total comprehensive income attributable to shareholders		**5,150,436**	3,821,432

The notes form an integral part of these financial statements.

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	Adventum Quartum Central Europe SICAV p.lc.	
	For the period ended 01 January 2021 to 31 December 2021	For the period ended 01 January 2020 to 31 December 2020
	€	€
Net assets attributable to shareholders at the beginning of the year	**118,737,195**	113,831,318
Issue of investor shares	**1,873,981**	1,084,445
Net increase from share transactions	**1,873,981**	1,084,445
Net increase in net assets attributable to holders of investor shares	**5,150,436**	3,821,432
Net assets attributable to shareholders at the end of the year	**125,761,612**	118,737,195

The notes form an integral part of these financial statements.

STATEMENT OF CASH FLOW

	Notes	**For the year ended 01 January 2021 to 31 December 2021 €**	For the period ended 01 January 2020 to 31 December 2020 €
Cash flows from operating activities			
Profit before tax		**5,150,436**	3,821,432
Adjustments for:			
Net fair value movements on financial assets and financial liabilities at fair value through profit and loss		**(3,151,561)**	(282,117)
Impairment loss		**3,243,189**	
Interest Income		**(5,227,952)**	(5,042,356)
Dividend Income		**(1,600,000)**	-
Operating cash flow before working capital changes		**(1,585,888)**	(1,503,041)
Changes in working capital:			
Movement in receivables		**5,233**	(39,810)
Movement in trade and other payables		**63,489**	13,400
Interest income received		**1,676,826**	324,697
Dividend income received		**1,400,000**	-
Net cash from/(used in) operating activities		**1,559,660**	(1,204,754)
Cash flows from investing activities			
Purchase of investments	**6**	**(2,830,000)**	(1,021,817)
Movement in loan receivables	**7**	**1,771,823**	(9,628,253)
Net cash used in investing activities		**(1,058,177)**	(10,650,070)
Cash flow from financing activities			
Proceeds from issue of Investor shares		**1,873,982**	1,084,445
Net cash from financing activities		**1,873,982**	1,084,445
Net increase in cash and cash equivalents		**2,375,465**	(10,770,379)
Cash and cash equivalents at the beginning of the year		**1,323,630**	12,094,009
Cash and cash equivalents at the end of the year	**9**	**3,699,095**	1,323,630

The notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Adventum Quartum Central Europe SICAV p.l.c (the "Company"/the "Fund") is a collective investment scheme organised as a limited liability investment company with variable share capital. The Company was registered on 20 February 2019 under the Companies Act (Chapter 386, Laws of Malta) and is licensed and regulated by the Malta Financial Services Authority under the Investment Services Act (Chapter 370, Laws of Malta) as an Alternative Investment Fund targeting Qualifying Investors. The Company was incorporated on 20 February 2019.

The investment objective of the Company is to achieve returns in the short-to-medium term under all market conditions. The target growth of the Company is a minimum of six percent (6%) per year with a target IRR of approximately twenty two percent (22%).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU") and comply with the Companies Act, Cap 386 of the Laws of Malta.

The preparation of these financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies.

2.1.2 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Euro (€), which is the Company's functional and presentation currency and all values are rounded to euro except where otherwise indicated.

2.1.3 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for financial assets held at fair value through profit or loss that are measured at fair value.

The Company presents its statement of financial position in order of liquidity, since this presentation is reliable and more relevant to the Company. Assets and liabilities are expected to be realised within one year, unless otherwise indicated in the notes to the financial statements.

2.1.4 GOING CONCERN

As disclosed in the Directors' report, the Directors have determined that COVID-19 and the matters disclosed in Note 19 are not expected to have a significant impact on the Company's business. Based on this, these financial statements have been prepared on a going concern basis which assumes that the Company will continue as a going concern.

2.1.5 BASIS OF CONSOLIDATION

The Company is an investment entity, therefore, it holds its investments in subsidiaries at fair value rather than consolidating them. Investments in subsidiaries are classified as fair value through profit or loss in accordance with IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency is the currency of the primary economic environment in which the Company operates. The majority of the Company's returns are euro-based, the capital is raised in euros, the performance is evaluated and its liquidity is managed in euros. Therefore, the Company concludes that the euro is its functional currency.

The Company's presentation currency is also the euro.

2.3 FOREIGN CURRENCY TRANSLATIONS

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at FVPL are included in profit or loss in the statement of comprehensive income as part of the 'net gain or loss on financial assets and liabilities at fair value through profit or loss'.

2.4 FINANCIAL INSTRUMENTS

(i) Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

On applying that classification, a financial asset or financial liability is considered to be held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; Or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking;

Or

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL ASSETS

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category loans receivable due to the subsidiaries/SPVs.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell

Or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category:

- Equity instruments: Included within equity instruments are investments in subsidiaries:
    - Investment in subsidiaries: in accordance with the exception under IFRS 10, the Company does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Company's investment activities. The Company has no consolidated subsidiaries. The Company measures unconsolidated subsidiaries at FVPL.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL LIABILITIES

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading.

The Company includes in this category redeemable investor shares.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category other short-term payables.

(ii) Recognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

(iii) Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 FINANCIAL INSTRUMENTS (CONTINUED)

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(vi) impairment

IFRS 9 applies an 'expected credit loss' (ECL) model. This impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments being measured at FVPL

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs. The Company also measures bank balance for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition an when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost 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 allowance for ECLs in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a current legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.5 FAIR VALUE MEASUREMENT

The Company measures its investments in subsidiaries at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. 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. A 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 fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

For assets and liabilities that are measured at fair value on a recurring basis, the Company identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the beginning of each reporting period.

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash with banks and demand deposits. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. Cash and deposits with banks are stated at their principal amount.

2.7 REDEEMABLE SHARES

The redeemable shares for each sub-fund provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the sub-fund's net assets, at each redemption day after the termination of the subscription period following issue of notice by the Directors informing Investors of the possibility of redemptions, and also in the event of the Company's liquidation.

The redeemable shares are classified as financial liabilities and are measured at the present value of the redemption amounts. In accordance with the Company's offering memorandum, the redemption amounts of the individual redeemable shares are calculated using the prevailing redemption price on the relevant redemption day, which will be the applicable NAV per Share as calculated on the Valuation Day less such penalties, fees or expenses as may be applicable or as the Company may be entitles to deduct of recover therefrom.

2.8 INTEREST REVENUE

Interest revenue are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 NET GAIN OR LOSS ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Net gains or losses on financial assets at FVPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVPL represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments.

2.10 FEE EXPENSE

Fees are recognised on an accrual basis. Refer to Notes 14 for management and performance fees, custodian and administration fees and directors' fees.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at FVPL rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Company's prospectus details its objective of providing investment management services to investors which includes investing in real estates through an investment in SPV, for the purpose of returns in the form of investment income and capital appreciation.

The Company reports to its investors via regular investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual report. The Company has a clearly exit documented exit strategy for all of its investments.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the Company's ownership interests are predominantly in the form of equities and similar securities; it has more than one investor and the majority of its investors are not related parties.

The directors concluded that the Company meets the definition of an investment entity. These conclusions will be reassessed on a continuous basis, if any of these criteria or characteristics change.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Recognition of Performance Fees

The Investment Manager is entitled to a Performance Fee from the Company, which is calculated as equal to twenty percent (20%) of the yearly return, in case the yearly return is up to fifteen percent (15%) once the yearly return reaches the threshold level of eight percent (8%) with full catch up, or thirty percent (30%) of the yearly return, in case the yearly return is above fifteen percent (15%) and for that amount of yearly return which is above fifteen percent (15%) without catch up. Performance Fees shall be calculated and accrued based on monthly Net Asset Values of the Company excluding accrued Performance Fees. Thresholds levels for eight percent (8%) and fifteen percent (15%) yearly return shall be calculated based on previous monthly period's NAV per Share excluding accrued Performance Fees and these shall be compounded monthly based on the respective threshold levels divided by twelve (12). New Share issues and redemptions shall also be taken into consideration on a monthly basis.

The Performance Fee shall only be charged after the Company has recovered any net capital since the High-Water Mark. The High-Water Mark shall be the calculated based on the yearly threshold level of eight percent (8%) from the Initial Closing Date being 4 June 2019. The Performance Fee shall be paid to the Investment Manager proportionately upon the redemption of shares and the accruals reduced by the paid amounts.

Based on the Offering Memorandum of the Company, being a Closed-Ended Fund, the Investment Manager is not entitled to receive any performance fees until return of funds to the investor, which is planned to happen in three to eight years and such performance fees can be potentially reversed until the date of the said redemption.

Based on the criteria established by IAS 37, the performance fee does not meet the criteria for probable outflow, given that there is probability that the fee may be reversed in part or in full as stated above, and so the amount payable cannot be determined with complete certainty, nor can it be certain whether this obligation will exist after the redemptions take place. Therefore, management made the judgement not to recognise the Performance Fees payable to the Investment Manager.

Fair value of investments

The underlying assets of the SPVs held by the Company are valued by an independent valuers, namely CBRE group. Due to the timing of the NAV the Company uses T-1 reporting when calculating the NAV of the Company each month therefore these financial statements have been adjusted to reflect the value as at 31 December 2021, which will differ from the trading value reported. Management has made the judgement that this adjustment is a more prudent and accurate approach to reporting the figures in the financial statements. Disclosures on the estimates and judgement used on determining the fair value of the underlying investments are further disclosed in Note 5.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Standards, interpretations and amendments to published standards as endorsed by the European Union effective in the current year

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective during the year:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 (issued on 25 June 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)

The adoption of these standards did not have significant impact on the financial position or performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards, interpretations and amendments to published standards as endorsed by the European Union that are not yet effective

Up to the date of approval of these financial statements, there below were the standards, amendments and interpretations to existing standards which have been published but are not yet effective for the current reporting period and which have not been adopted early.

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)

- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021(issued on 31 March 2021)

- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)

Standards, interpretations and amendments to published standards that are not yet endorsed by the European Union

- Amendments to IAS 12 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

5. FAIR VALUE MEASUREMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - quoted market prices (unadjusted) in an active market for an identical instrument;

Level 2 - valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;

Level 3 - valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, including the Company’s own assumptions, and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustment or assumptions are required to reflect differences between the instruments.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets at fair value through profit or loss:				
Investment in subsidiaries	-	-	25,814,195	25,814,195
Total	**-**	**-**	**25,814,195**	**25,814,195**

The following table presents the changes in recurring fair value measurements of investments in subsidiaries categorised as Level 3:

	2021 €	2020 €
Balance at the beginning of the year	**21,888,835**	20,591,815
Additions	**2,830,000**	1,021,817
Appreciation of investment	**1,095,360**	275,203
Balance as at the end of the year	**25,814,195**	21,888,835

Given that the SPVs fair value is mainly driven by the fair value of the property, the below quantitative information is based on the fair value of the underlying assets.

As at December 2021	**Valuation Technique**	**Unobservable Input**	**Range**	**Property Fair Value**
PCRK Invest Zrt	VAC	Estimated rental value	**€13.64 per sqm**	**-**
		Discount rate	**8.00 – 8.50%**	
REN Plaza Sp. Z o.o.	DCF	Estimated rental value	**€12 per sqm**	**€2,968,844**
		Discount rate	**8.90-9.40%**	
Centerus Sp. Z o.o.	DCF	Estimated rental value	**€13.5 per sqm**	**€10,737,809**
		Discount rate	**8.05-8.55%**	
Hermes Invest Kft	VAC	Estimated rental value	**€10 – €13 per sqm**	**€6,907,844**
		Discount rate	**7.57%**	
Tophill Investments Sp.Z.o.o	DCF	Estimated rental value	**€13 per sqm**	**€4,144,439**
		Discount rate	**8.20-8.70%**	
KOMAL Invest Kft	VAC	Estimated rental value	**€7 – €40 per sqm**	**€3,111,107**
		Discount rate	**8.00%**	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The Level 3 investments' income is locked down for a fixed period of three years. In this respect, the Fund does not foresee any rental growth rate and long term vacancy rate.

As at December 2020	Valuation Technique	Unobservable Input	Range	Property Fair Value
KEQI Kft	DCF	Estimated rental value	€24 per sqm	€6,182,362
		Discount rate	7.92%	
REN Plaza Sp. Z o.o.	DCF	Estimated rental value	€12 per sqm	€644,418
		Discount rate	9.15-9.65%	
Centerus Sp. Z o.o.	DCF	Estimated rental value	€13.50 per sqm	€11,376,381
		Discount rate	8.05-8.55%	
CO Development Sp. Z o.o	DCF	Estimated rental value	€13 per sqm	€500,244
		Discount rate	9.25-9.75%	
Tophill Investments Sp.Z.o.o	DCF	Estimated rental value	€13 per sqm	€3,175,430
		Discount rate	8.25-8.75%	
KOMAL Invest Kft	Valued at cost	Estimated rental value	-	-
		Discount rate	-	-

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with the quantitative sensitivity analysis are as shown below:

As at 31 December	Input	Sensitivity used	Effect on the Property's Fair Value 2021	Effect on the Property's Fair Value 2020
PCRK Invest Zrt	Estimated rental value	10%	**-**	-
	Discount rate	1%	**-**	-
KEQI Kft	Estimated rental value	10%	**-**	618,236
	Discount rate	1%	**-**	61,824
REN Plaza Sp. Z o.o.	Estimated rental value	10%	**296,884**	64,442
	Discount rate	1%	**29,688**	6,444
Centerus Sp. Z o.o.	Estimated rental value	10%	**1,073,781**	1,137,638
	Discount rate	1%	**107,378**	113,764
Hermes Invest Kft	Estimated rental value	10%	**690,784**	-
	Discount rate	1%	**69,078**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

As at 31 December	**Input**	**Sensitivity used**	**Effect on the Property's Fair Value 2021**	**Effect on the Property's Fair Value 2020**
Co Development Sp. Z.o.o	Estimated rental value	10%	**-**	50,024
	Discount rate	1%	**-**	5,002
Tophill Investments Sp.Z.o.o	Estimated rental value	10%	**414,444**	317,543
	Discount rate	1%	**41,444**	31,754
KOMAL Invest Kft	Estimated rental value	10%	**311,111**	-
	Discount rate	1%	**31,111**	-

Valuation techniques

The level 3 Private equity investments that amount to € 25,814,195 (2020: € 21,888,835) consist of six (2020: six) fully owned SPVs namely Centerus Sp Z.o.o, REN Plaza Sp Z.o.o, Tophill Investments Sp.Z.o.o, PCRK Invest Zrt, Hermes Invest Kft and KOMAL Invest Kft. (Further details are disclosed in Note 6).

Unlisted equity investments

The Company invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The net asset value of the SPVs is used as an input into measuring the fair value of the same SPVs. The NAV of these investments is driven from the valuation of the underlying properties. The Company appointed CBRE Group as external valuers to determine the value of these properties. The CBRE valuations have been performed in accordance with the RICS Valuation - Professional Standards. The property has been valued on the basis of the Market Value, subject to existing leases and otherwise assuming vacant possession. According to the RICS Valuation - Professional Standards the market value is an estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeable, prudently and without compulsion. For valuation purposes a capitalization approach was used. The income from a tenant is capitalised for the duration of the term. Upon expiry of each lease, the valuation revert to market rental value and this income is capitalised at a market derived rate into perpetuity. The key inputs used in arriving at the value of the property comprise of the following factors: income from the tenant, location, capital value together with a percentage yield.

In the valuation reports, CBRE remarked that the outbreak of the Coronavirus (COVID-19), continues to impact many aspects of the daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. As at the valuation date, property markets were mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – the valuer's valuation was not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The valuation provided reflects the rental income as at the date of valuation, being 31 December 2021. It also reflects any issues concerning the anticipated cash-flow as at the date of the valuation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

Given the uncertainties relating to the Covid-19 virus and the current restrictions on business activities, it is likely that there will be significant rental defaults and/or insolvencies leading to voids and a resulting shortfall in rental income. Should this occur, there will be a negative impact on the value of the subject properties.

Valuation process

Valuations are the responsibility of the board of directors of the Investment Manager. The valuation of unlisted equity, is performed on a monthly basis by the valuation committee of the investment manager and reviewed by the investment committee of the investment manager. The valuation of property is performed semi-annually by the external valuer, CBRE Group, and reviewed by the investment committee of the investment manager.

6. INVESTMENTS IN SUBSIDIARIES

During the year 2021 the Fund has established 100%-owned Hungarian subsidiaries acting as holding intermediaries between the Fund and the local asset-possessing SPVs. PCRK Invest Zrt. is the direct and sole owner of CO Development Sp.z.o.o. and Hermes Invest Kft. is a 50.1% owner of NGY Properties SRL.

31 December 2021	% Ownership	Cost €	Appreciation of value €	Total €
PCRK Invest Zrt	100	**21,165**	**(21,165)**	**-**
REN Plaza Sp. Z o.o.	100	**1,165**	**2,967,679**	**2,968,844**
Centerus Sp. Z o.o.	100	**9,954,464**	**783,345**	**10,737,809**
Hermes Invest Kft	100	**2,810,000**	**4,097,844**	**6,907,844**
Tophill Investments Sp.Z.o.o	100	**1,011,818**	**3,132,621**	**4,144,439**
KOMAL Invest Kft	100	**380,000**	**2,731,107**	**3,111,107**
		14,178,612	**13,691,431**	**27,870,043**

31 December 2020	% Ownership	Cost €	Appreciation of value €	Total €
KEQI Kft	100	370,000	5,812,361	6,182,361
REN Plaza Sp. Z o.o.	100	1,165	643,253	644,418
CO Development Sp. Z o.o.	100	1,165	499,078	500,243
Centerus Sp. Z o.o.	100	9,954,464	1,421,916	11,376,380
KOMAL Kft	100	10,000	-	10,000
Tophill Investments Sp.Z.o.o	100	1,011,818	2,163,614	3,175,432
		11,348,612	**10,540,222**	**21,888,834**

The Company entered into a Guarantee with REN Plaza Sp. Z o.o. (the 'SPV') dated 19 July 2019, stating that it will take on the liabilities due to Sireo Immobilien fonds No. 4 Warszawa Renaissance Plaza Spolka z organiczona odpowiedzialnoscia, should the SPV fail to meet its obligations.

To secure credit obligations, registered pledge agreements were signed on the shares of Centerus Sp.Z.o.o, REN Plaza Sp. Z.o.o, Tophill Investments Sp.Z.o.o and KEQI Kft between the Company as the pledger and the financing bank as a pledgee regarding the rights arising from the loan agreement between the Company and its respective Investments, with respect to the rights arising from the loan granted by the respective financing bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. LOANS AND RECEIVABLES

	31 December 2021		31 December 2020	
	Balance	**% of net assets**	**Balance**	**% of net assets**
	€	**%**	**€**	**%**
KEQI Kft 8%	**8,121,232**	**6.46**	19,916,801	16.72
KEQI Kft 5%	**41,066,313**	**32.65**	39,115,877	32.84
Centerus Sp Z.o.o	**4,000,000**	**3.18**	2,525,963	2.12
REN Plaza Sp Z.o.o	**6,146,562**	**4.89**	6,336,085	5.32
Tophill Investments SP Z.o.o	**10,979,081**	**8.73**	11,658,583	9.79
KOMAL Invest Kft.	**2,505,903**	**1.99**	-	-
PCRK Invest Zrt. (1)	**5,706,262**	**4.54**	-	-
HERMES Invest Kft.	**15,733,840**	**12.51**	-	-
CO Development Sp Z.o.o	**-**	**-**	15,969,417	13.41
Total	**94,259,193**	**74.95**	**95,522,726**	**80.20**

The above amounts include accrued interest which as at 31 December 2021 amounted to €8,105,371 (2020: €5,438,448). On 25 May 2021, Co Development Loan was fully assigned to PCRK Invest Zrt. New loans were also provided to the new entities within the SPV structures namely to KOMAL Invest Kft., PCRK Invest Kft. and Hermes Invest Kft. being intermediates holding entites between the Fund and the SPVs (Note 6).

Note 1: As at 31 December 2021, the investment in PCRK Invest Zrt. resulted in negative equity amounting to €3,243,189 (2020: € Nil). Consequently, the investment was brought to € 0 and this deficit was netted off against the loan receivable and accounted as impairment loss for the year in the statement of comprehensive income.

SPV legal name	**Aggregate loan facility amount**	**Interest rate**	**Interest payment**	**Maturity Date**	**Outstanding principal amount 2021**	**Undrawn facility amount 2021**
Centerus Sp Z.o.o	EUR 4,000,000	5%	Annually	**24.06.2024**	**EUR 4,000,000**	**-**
Hermes Invest	EUR 20,000,000	5%	Annually	**22.07.2026**	**EUR 15,350,000**	**EUR 4,650,000**
KEQI Kft	EUR 20,000,000	8%	Upon loan maturity	**31.12.2025**	**EUR 5,263,272**	**EUR 14,736,728**
KEQI Kft	EUR 40,000,000	5%	Upon loan maturity	**31.12.2025**	**EUR 37,000,000**	**EUR 3,000,000**
Ren Plaza Sp Z.o.o	EUR 20,000,000	5%	Annually	**26.07.2024**	**EUR 5,850,000**	**EUR 14,150,000**
Tophill Investments SP Z.o.o	EUR 12,000,000	5%	Annually	**30.01.2025**	**EUR 10,800,000**	**EUR 1,200,000**
KOMAL Invest Kft	EUR 4,000,000	5%	Annually	**14.12.2026**	**EUR 2,500,000**	**EUR 1,500,000**
PCRK Invest Zrt	EUR 16,000,000	5%	Annually	**25.07.2025**	**EUR 8,637,556**	**EUR 7,362,444**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. LOANS AND RECEIVABLES (CONTINUED)

	Aggregate loan facility amount	Interest rate	Interest payment	Maturity Date	Outstanding principal amount 2020	Undrawn facility amount 2020
KEQI Kft	EUR 40,000,000	5%	Upon loan maturity	31.12.2025	EUR 37,000,000	EUR 3,000,000
KEQI Kft	EUR 20,000,000	8%	Upon loan maturity	12.02.2021	EUR 18,300,000	EUR 1,700,000
REN Plaza Sp. Z.o.o.	EUR 20,000,000	5%	Annually	26.07.2024	EUR 5,850,000	EUR 14,150,000
CO Development Sp. Z.o.o.	EUR 18,000,000	5%	Annually	26.07.2024	EUR 15,400,000	EUR 2,600,000
Tophill Investments SP Z.o.o	EUR 12,000,000	5%	Annually	30.01.2025	EUR 11,134,278	EUR 865,722
Centerus Sp. Z.o.o.	EUR 4,000,000	5%	Annually	24.06.2024	EUR 2,400,000	EUR 1,600,000

8. TRADE AND OTHER RECEIVABLES

	2021 €	2020 €
Prepayments	**103,438**	121,442
Other debtors	**-**	187,230
Dividend receivable	**200,000**	-
	303,438	308,672

9. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, the year-end cash and cash equivalents comprising bank balances held at call were as follows:

31 December 2021	***Currency***	**Bank balance**	**% of net assets**
Sparkasse Bank Malta plc	**EUR**	**3,699,095**	**2.94**
Dolfin Asset Services Limited	**EUR**	**-**	**-**
		3,699,095	**2.94**

31 December 2020	Currency	**Bank balance**	**% of net assets**
Sparkasse Bank Malta plc	EUR	1,321,013	1.10
Dolfin Asset Services Limited	EUR	2,617	0.00
		1,323,630	1.10

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER PAYABLES

	2021	2020
	€	€
Audit fees payable	**11,800**	11,800
Custodian fees payable	**17,019**	7,375
Other costs and expenses	**1,508**	1,268
	30,327	20,443

11. SHARE CAPITAL

The Company has an authorised share capital of six thousand (6,000). The initial issued share capital is of one thousand two hundred euros (EUR 1,200) divided into one thousand two hundred (1,200) fully-paid up Founder Shares with no nominal value.

The Founder Shares are voting shares and do not carry a right to participate in any dividends or other distributions of the Company or in the assets of the Company on a winding up (other than to the surplus, if any, that may remain after payment of all amounts due to the creditors and holders of the Investor Shares).

The Founder Shares may be exchanged for Investor Shares at any time in accordance with the terms and procedures set out in the Offering Memorandum regarding exchanges of Shares. In carrying out an exchange as aforesaid, the Founder Shares shall be deemed to have a price of one Euro (EUR 1) each.

The Company has also applied with the Central Securities Depository at the Malta Stock Exchange to dematerialise 3,800 Founder Shares.

	Founder Shares	Total
Balance at 31 December 2020	1,200	**1,200**
Issued	-	**-**
Balance at 31 December 2021	1,200	**1,200**

12. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

The Net Asset Value per Share of the Company shall be the Net Asset Value divided by the number of Shares in issue. Since there is more than one class of Shares, the Net Asset Value of each Share in the Company shall be determined by calculating the Net Asset Value attributable to the Class of Investor Shares that Share forms part of, divided by the number of Investor Shares outstanding in that Class as at the time the calculation is made.

During the financial year ended 31 December 2021, a new Share Class – Investor Shares A Share Class was created.

"Investor Shares A" Share Class
A class of Investor Shares to which an application for such Investor Shares to be recorded electronically in a book-entry form through the Malta Stock Exchange – Central Securities Depository is made.

"Investor Shares B" Share Class
A class of Investor Shares which are not recorded electronically in a book-entry form through the Malta Stock Exchange – Central Securities Depository is made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

Subscription

Before the Initial Closing Date of 30 June 2019, Investor Shares are issued at the Initial Offer Price €100,000. After the Initial Closing Date, the Company may accept further subscription application until the subsequent closing date being 31 July 2020. The subsequent closing was first extended to 31 January 2021, then was extended up to 30 June 2021 with a further extension made up to 30 September 2021. During 2021, the Company extended the subsequent closing up to 30 April 2022. During such subsequent subscription period, the investor shares are issued based on the Company's net asset value per share, calculated by dividing the net assets of the Company, calculated in accordance with the Company's Offering Memorandum, by the number of Investor Shares in issue, or the price detailed below (whichever is higher):

Date of Subscription	Price
From the 4th June 2019 until the 30th June 2019	€ 100,000
From the 1st July 2019 until the 31st July 2019	€ 100,740
From the 1st August 2019 until the 31st August 2019	€ 101,589
From the 1st September 2019 until the 30th September 2019	€ 102,438
From the 1st October 2019 until the 31st October 2019	€ 103,260
From the 1st November 2019 until the 30th November 2019	€ 104,110
From the 1st December 2019 until the 31st December 2019	€ 105,753
From the 1st January 2020 until the 31st January 2020	€ 107,452
From the 1st February 2020 until the 29th February 2020	€ 109,151
From the 1st March 2020 until the 31st March 2020	€ 110,740
From the 1st April 2020 until the 30th April 2020	€ 112,438
From the 1st May 2020 until the 31st May 2020	€ 114,082
From the 1st June 2020 until the 30th June 2020	€ 115,781
From the 1st July 2020 until the 31st July 2020	€ 117,425
From the 1st August 2020 until the 30th April 2022	€ 120,000

There may be numerous subsequent subscriptions until the subsequent closing date and the Board may at its discretion appoint numerous dates for such subsequent subscriptions. Once a Subscription Application has been accepted and processed, the Company will issue a contract note with respect to the initial Subscription of at least ten percent (10%) of the total commitment amount, subject to a minimum of one hundred thousand Euro (EUR 100,000) and rounded to whole amount of Investor Shares, within five (5) Business Days from the relevant Subscription Day, which will be sent by e-mail and by post to the correspondence address of the respective Shareholder as provided in the Subscription Application. The Shareholder has the obligation to inform the Company within five (5) Business Days from the date of the contract note should any details in such contract note be incorrect. Following the Initial Closing Date, the Board has the discretion to issue Capital Calls by sending the Investors a Drawdown Notice at least fifteen (15) Business Days in advance. It is currently the intention of the Company to call the total Committed Capital until the end of 2022 at the latest, but it is also possible that the total Committed Capital will be called as early as during the Subscription Period. Capital Calls shall be issued pro rata based on uncalled commitments to Investors rounded to whole number of Investor Shares.

Should a Shareholder fail to subscribe any portion of his Committed Capital within the applicable deadline from when a Drawdown Notice is delivered to him, the Company will not issue the relevant Shares to such Shareholder and may claim interest of twenty percent (20%) on the outstanding amount, which will be calculated over the number of days such Committed Capital remains unsubscribed from the date of the applicable deadline in the Drawdown Notice. In case the amount remains unsubscribed for at least sixty (60) Business Days from the date of the applicable deadline in the Drawdown Notice, the Company also retains discretion to forcibly transfer the shares of such Shareholder and issue such Shares to another Shareholder who accepts to take over the Committed Capital of the defaulting Shareholder. The defaulting Shareholder will not necessarily be compensated for the Shares in the Company that are forfeited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

Transfer of shares

Shareholder who would like to transfer their Investor Shares should provide the Company with a written instrument of transfer of shares clearly indicating the names and addresses of the proposed transferor and transferee, the number of Investor Shares to be transferred and any other information the Company may, at its discretion, require. The written instrument of transfer should also bind the transferee to the same conditions and obligations the transferor had in relation to the Investor Shares in question.

If a transfer of shares would bring the total holdings of an Investor below the Minimum Initial Investment, the Company has the discretion to inform the transferor and the transferee that the request for transfer of Investor Shares has been suspended. Both parties may amend the request for transfer of Investor Shares to reflect the Minimum Holding requirements and re-submit such request to the Company.

Redemption

The Board of Directors may, where it deems necessary, exercise its discretion to allow redemptions of Investor Shares on any Redemption Day with an at least thirty (30) Business Day prior notice to Investors. Investor Shares may not be redeemed during the Subscription Period or before all commitments are fully drawn down. Following the end of the Subscription Period and following the notice issued by the Directors informing Investors of the possibility of redemptions, Redemption Notices may be submitted in relation to any Redemption Day by the Investor giving notice of not less than twenty (20) Business Days in advance of a Redemption Day to the Administrator by using the Redemption Notice Form, attached to the Offering Memorandum as Appendix E. The Directors have discretion to reduce or waive such notice period.

The Redemption Price per Share shall be the applicable NAV per Share as calculated on the Valuation Day less such penalties, fees or expenses as may be applicable or as the Company may be entitled to deduct or recover therefrom.

In the event that calculation of the NAV has been suspended or postponed, the relevant Investor Shares will, when the Company accepts the Redemption Notice, be redeemed at the prevailing Redemption Price on the next effective Redemption Day following the resumption of calculation of the NAV (less the fees or expenses as aforesaid).

The Company is under no obligation to entertain early Redemption Notices and any early Redemption Notices will be processed at the discretion of the Board following the Initial Closing Date. An early redemption fee as detailed below shall be payable for redemptions submitted before the maturity and closure of the Company:

Date	Fee
From the end of the Subscription Period until 31st December 2023	25% discount to NAV
From 2024.01.01 until Maturity	No discount to NAV

As at 31 December 2021 the total commitments and total undrawn commitments were as follows:

	€
Total commitments	**106,930,180**
Total undrawn commitments	**-**

During the year, the undrawn commitments were fully called to the respective investors.

31 December 2020 the total commitments and total undrawn commitments were as follows:

	€
Total commitments	106,930,180
Total undrawn commitments	1,873,980

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

12.1 SHARE ACTIVITY

	Investor shares
Balance at 31 December 2019	**1,028**
Issued	**10**
Balance at 31 December 2020	**1,038**
Issued	**18**
Balance at 31 December 2021	**1,056**

13. OTHER OPERATING EXPENSES

	2021 €	2020 €
Audit fee	**21,768**	12,212
Insurance fee	**16,650**	15,989
Corporate secretarial fee	**2,950**	2,955
Compliance officer fee	**11,800**	11,800
Transfer agency fee	**21,750**	23,880
Legal fees	**53,183**	68,269
Professional fees	**76,702**	75,974
Custodian fees	**31,176**	29,257
Other operating expenses	**60,807**	77,617
	296,786	317,953

14. FEES

14.1 MANAGEMENT FEES

The Company shall pay the Investment Manager a fee of one percent (1%) per annum of the gross asset value or the value of the total Committed Capital, whichever is the higher. The Management Fee shall be accrued on each Valuation Day and shall be payable quarterly in arrears. Gross asset value shall be calculated as Net Asset Value and the amount of any third-party loans provided to the Company and/or SPVs added together.

The Investment Manager may decide to charge up to 0.45% of the gross asset value of any of the SPVs of the Company directly to such SPV as consideration for ancillary services provided by the Investment Manager to such SPV. In such eventuality the Investment Management Fee charged to the Company shall be proportionately reduced so that the total management fee on both the Company and SPV level collectively does not exceed one percent (1%) per annum.

During the year, management fees amounted to €1,234,445 (2020: €1,135,800) of which €337,073 (2020: €492,403) remained outstanding at period end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FEES

14.2 PERFORMANCE FEES

A Performance Fee will be paid out of the assets of the Company, which shall be calculated as equal to twenty percent (20%) of the yearly return, in case the yearly return is up to fifteen percent (15%) once the yearly return reaches the threshold level of eight percent (8%) with full catch up, or thirty percent (30%) of the yearly return, in case the yearly return is above fifteen percent (15%) and for that amount of yearly return which is above fifteen percent (15%) without catch up. Performance Fees shall be calculated and accrued based on monthly Net Asset Values excluding accrued Performance Fees. Thresholds levels for eight percent (8%) and fifteen percent (15%) yearly return shall be calculated based on previous monthly period's NAV per Share excluding accrued Performance Fees and these shall be compounded monthly based on the respective threshold levels divided by twelve (12). New Share issues and redemptions shall also be taken into consideration on a monthly basis.

The Performance Fee shall be accrued monthly and shall be considered in determining NAV. For the purposes of the calculation of the Performance Fee, a high-water mark (the "High-Water Mark") shall apply. The Performance Fee shall only be charged after the Company has recovered any net capital since the High-Water Mark. The High-Water Mark shall be the calculated based on the yearly threshold level of eight percent (8%) from the Initial Closing Date. The Performance Fee shall be paid to the Fund Manager proportionately upon the redemption of shares and the accruals reduced by the paid amounts.

During the year, performance fees amounted to €2,607,009 (2020: €584,622) were not recognised as they do not meet the criteria of IAS 37 Provisions as being disclosed in Note 3.

14.3 DEPOSITARY FEES

The Depositary shall be paid a variable fee as follows, subject to a minimum of €20,000 in Year 1 and €25,000 from Year 2 onwards:

Up to EUR 150 million NAV	0.025% per annum
Over EUR 150 million NAV	0.020% per annum

The Depository fee for the custody of financial assets are as follows:

Aggregate value of assets in custody (regressive fee structure)	**Fee (per annum)**
Up to EUR 25 million	0.15%
From EUR 25 million up to EUR 75 million	0.125%
From EUR 75 million up to EUR 125 million	0.10%
Above EUR 125 million	0.075%

During the year, custodian fees amounted to €31,176 (2020: €29,257) were charged, €17,019 (2020: €7,375) of which were outstanding at period end.

14.4 ADMINISTRATION FEES

The Administrator shall be entitled to receive a fee of fourteen thousand Euro €14,000 per annum for Fund Administration Services, which fee does not include corporate management services, transfer agency fees and reporting fees and any other additional extra administration charges. The latter fees are payable on a case by case basis as agreed in the Fund Administration Agreement entered into between the Fund Administrator and the Company.

The Company incurred administration fees amounting to €19,763 (2020: €14,500) during the period and there is no outstanding balance to be paid as at the year-end (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FEES (CONTINUED)14.5 DIRECTORS' FEES

The Directors' fees charged to the Company during the period amounted to €34,894 (2020: €34,787) of which €2,756 (2020: €2,625) were outstanding at period end.

15. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

15.1 PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

GRW International Ltd, having its registered address at 215/1, Old Bakery Street, Valletta, VLT 1454, Malta, is the Company's 99% founder shareholder ("the parent Company"), holding 187,499 ordinary 'A' shares. Mr Kristof Barany holds 1 'B' Share. The Ultimate Controlling Party of the Company is Mr Kristof Barany who holds directly or indirectly 100% of the Founder shares.

15.2 TRANSACTIONS WITH RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

(i) During the reporting period, the total remuneration to the Directors was €34,894 (2020: €34,787), as disclosed in the Statement of Comprehensive Income and in Note 14.5

(ii) The Directors and their affiliates may advise additional funds/customer accounts in the future. Trading orders for accounts similar to those of the Company may occur contemporaneously. The Directors may also acquire or dispose of units for the Sub-Funds in a collective investment scheme either operated or advised by the Directors or by one of its affiliates.

(iii) Adventum MAGIS Zartkoru Alapok Alapja is an investment fund that is managed by Adventum Befektetési Alapkezelő Zrt. Mr Balazs Deim and Mr Kristof Barany, both of whom are Directors of The Company, are members of the management body of the Fund Manager. Mr Kristof Barany is also the beneficial owner of Adventum Befektetési Alapkezelő Zrt. It acquired 564 (2020: 564) investor shares resulting in a percentage holding of 53.41% (2020: 55%) of total investor shares.

(iv) GRW Invest KFT and Catalyst Befektetéskezelo és Szolgáltató Bt are other related parities which acquired 120 (1.89%) and 1 (0.09%) of investor shares, respectively.

(v) Mr Kristof Barany is the 100% ultimate beneficial owner of the Company and also one of its Directors. His total remuneration for the period was €12,000 (2020: €10,323) of which no amount (2020: €10,323) remains outstanding.

(vi) The total interest income earned by the Company from KEQI Kft. amounted to €3,196,068 (2020: €3,368,530). The total loan principal including interest outstanding as at year end are disclosed in Note 7.

(vii) The total interest income earned by the Company from REN Plaza Sp Z.o.o. amounted to €296,563 (2020: €486,344). The total loan principal including interest outstanding as at year end are disclosed in Note 7. Furthermore, the Company has a Guarantees agreement in place with the SPV dated 19 July 2019, stating that it will take on the liabilities due to Sireo Immobilien fonds No. 4 Warszawa Renaissance Plaza Spolka z organiczona odpowiedzialnoscia, should the SPV fail to meet its obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. RELATED PARTIES

15.2 TRANSACTIONS WITH RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

(viii) The total interest income earned by the Company from Tophill Investments Sp. Z.o.o. amounted to €556,461 (2020: 524,306). The total loan principle including interest outstanding as at year end are disclosed in Note 7.

(ix) The total interest income earned by the Company from Centerus Sp Z.o.o. amounted to €164,556 (2020: 126,065). The total loan principle including interest outstanding as at year end are disclosed in Note 7. The Company also earned a dividend of to €1,600,000 (2020: NIL) during the year.

(x) The total interest income earned by the Company from PCRK Invest Zrt. amounted to €298,542 (2020: NIL). PCRK Invest Zrt. also has a 100% holding of Co Development Sp. Z.o.o for which total interest income earned from 1 January 2021 up to date of assignment (refer to Note 7) amounted to €318,083 (2020: 537,111). The total loan principle including interest outstanding as at year end are disclosed in Note 7.

(xi) The total interest income earned by the Company from KOMAL Invest Kft. amounted to €5,556 (2020: NIL). The total loan principle including interest outstanding as at year end disclosed in Note 7.

(xii) The total interest income earned by the Company from Hermes Invest Kft. amounted to €392,125 (2020: NIL). The total loan principle including interest outstanding as at year end disclosed in Note 7.

16 TAXATION

In terms of current Maltese income tax legislation, the taxation of collective investment schemes is based on the classification of funds and sub-funds into 'prescribed' or 'non-prescribed' funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 (as amended to date). A fund is classified as a prescribed fund by the Commissioner of Inland Revenue if it is a fund formed in accordance with the Laws of Malta, which declares that the value of assets situated in Malta allocated to the fund for the purpose of its operations amounts to at least 85% of the value of the total assets of the Company that are so allocated. Conversely, a fund which declares that the value of its assets situated in Malta allocated thereto for the purpose of its operations does not exceed 85% of the value of its total assets so allocated is treated as a non-prescribed fund.

On this basis, the Company qualifies as a non-prescribed fund for Maltese income tax purposes. Accordingly the Company is exempt from income tax pursuant to the provisions of the Income Tax Act (Chapter 123, Laws of Malta), except in respect of any income derived from immovable property in Malta. Any capital gains, dividends, interest and any other gains or profits from non-Maltese sources held by the Company may nonetheless be subject to tax imposed by the country of origin concerned and any such taxes are not recoverable by the Company or by its unitholders. Any tax withheld by the Company on payments made to Maltese resident investors at a rate of 15% on capital gains realised on any redemption, liquidation or cancellation of units is accounted for when the Company recognises the relevant payment.

17. FINANCIAL RISK AND MANGEMENT OBJECTIVES AND POLICIES

17.1 RISK MANAGEMENT

The Company is a third-party managed fund and any reference to the Fund Manager refers to Adventum International Ltd which takes decisions in line with the policies set out in the Offering Memorandum. Risk management is carried out by the Fund Manager.

The Company is exposed to various risks arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. FINANCIAL RISK AND MANGEMENT OBJECTIVES AND POLICIES

17.1 CONCENTRATION RISK

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counter party, or where a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets.

In order to mitigate the risk of concentration, although the Company does not have a diversified portfolio of investments, it ensures that investments are made in different geographical areas. The Offering Memorandum stipulates that after the termination of the subscription period the Company may not invest more than 55% of the higher of the total NAV or Committed Capital in real estate investments located in one jurisdiction. The average lease terms for the real estate investments are between 2.59 and 4.70 years and each investment has different tenants. Although the Fund's underlying investment is real estate, the Fund ensures that the investments are varied (office, household, retail). The following table analyses the Company's concentration of its investments by geographical distribution (based on counterparties' place of domicile):

	31 December 2021		31 December 2020	
	€		€	
Poland	**38,976,735**	**32%**	52,186,522	44%
Hungary	**61,922,392**	**51%**	65,215,039	56%
Romania	**22,904,249**	**18%**	10,000	0%
	122,129,236		117,411,561	

17.3 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk in the current period through the interest bearing loans issued to its SPVs. Most of the Company's financial assets carry fixed interest and mature within six years.

17.4 CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company only holds assets denominated in Euro, the functional currency. It is, therefore not exposed to currency risk.

17.5 CREDIT RISK

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instruments fails to meet its contractual obligations, and arises principally from the Company's Cash and cash equivalents, Loans and receivables and other receivables.

Cash at bank is placed with reliable financial institutions. 85.90% of cash at bank is held with Sparkasse Bank Malta plc. The bank is not a credit rated entity and has no publicly issued debt or equity securities on the market. The bank is fully owned by the subsidiary of Sparkasse Schwaz AG which is a member of the Austrian Savings Bank network, comprising of all Austrian Sparkasse banks and Erste Group Bank AG. Erste Group Bank's has a current credit rating of A+/A2/A (2020: A-/A-2/A-) as calculated by Standard & Poor's, Moody's and Fitch credit agencies. Management considers the probability of default from such banks to be close to zero and the amount calculated

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. FINANCIAL RISK AND MANGEMENT OBJECTIVES AND POLICIES (CONTINUED)

17.5 CREDIT RISK (CONTINUED)

using the 12 month expected credit loss model to be very insignificant. Therefore, based on the above, no loss allowance has been recognised by the company.

Financial assets subject to IFRS 9's impairment requirements
The Company's financial assets subject to the expected credit loss model within IFRS 9 are loan and receivables and short-term trade and other receivables.

The Company assesses the financial position and performance of its related parties to whom the Company provided the loans. The Company takes cognisance of the related party relationship with these entities and management does expect any losses from non-performance or default.

17.6 LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities or redeem its shares earlier than expected.

Before each new investment the Company sets up a cash flow forecast with sufficient contingency for each new investment. These individual cash flows shall be updated quarterly together with the overall cash flow projections of Company. These will be combined to create an updated quarterly cash flow. The quarterly cash flows should be set up so that at least one million Euro (EUR 1,000,000) liquid assets are always available on the accounts of the Company after the Subsequent Closing Date. Should the amount of liquid assets drop below one million Euro (EUR 1,000,000), and the amount of liquid assets is expected to stay below one million Euro (EUR 1,000,000) for more than forty-five (45) days, an action plan shall be put in place by the Directors to raise the amount of liquid assets above one million Euro (EUR 1,000,000). Substantial (more than EUR 2 million) forecasted liquid asset shall be invested in investment grade bonds from time-to-time if they are forecasted to be available for more than six (6) months.

As at December 31, 2021

	Less than 1 month	6 - 12 months	1 - 2 years	3 - 5 years	No maturity	Total
	€	€	€	€	€	€
Financial Assets						
Private equity	-	-	-	**27,870,043**	-	**27,870,043**
Loans due from SPVs	-	-	-	**86,153,822**	-	**86,153,822**
Interest Receivable	**2,058,613**	-	-	**6,046,758**	-	**8,105,371**
Cash and cash equivalents	-	-	-	-	**3,699,095**	**3,699,095**
Total Financial Assets	**2,058,613**	-	-	**120,070,623**	**3,699,095**	**125,828,331**
		-				
Financial Liabilities						
Management fee payable	**337,073**	-	-	-	-	**337,073**
Other costs and expenses payable	**1,508**	-	-	-	-	**1,508**
Audit fee payable	**11,800**	-	-	-	-	**11,800**
Directors' fee payable	**2,756**	-	-	-	-	**2,756**
Custodian fee payable	**17,020**	-	-	-	-	**17,020**
Redeemable investor shares	-	-	-	**106,930,182**	-	**106,930,182**
Total Financial Liabilities	**370,157**	-	-	**106,930,182**	-	**107,300,339**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. FINANCIAL RISK AND MANGEMENT OBJECTIVES AND POLICIES (CONTINUED)

17.6 LIQUIDITY RISK

As at December 31, 2021 (Continued)

As at December 31, 2020

	Less than 1 month	6 - 12 months	1 - 2 years	3 - 5 years	No maturity	Total
	€	€	€	€	€	€
Financial Assets						
Private equity	-	-	-	21,888,834	-	21,888,834
Loans due from SPVs	-	-	18,300,000	71,784,278	-	90,084,278
Interest Receivable	1,702,185	-	1,616,801	2,119,462		5,438,448
Amounts receivable from investors	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	1,323,630	1,323,630
Total Financial Assets	1,702,185	**-**	19,916,801	95,792,574	1,323,630	118,735,190
Financial Liabilities						
Management fee payable	492,403	-	-	-	-	492,403
Other costs and expenses payable	1,267	-	-	-	-	1,267
Administration fee payable	-	-	-	-	-	-
Audit fee payable	11,800	-	-	-	-	11,800
Directors' fee payable	2,625	-	-	-	-	2,625
Custodian fee payable	7,376	-	-	-	-	7,376
Redeemable investor shares	-	-	-	105,056,200	-	105,056,200
Total Financial Liabilities	515,471	-	-	105,056,200	-	105,571,671

17.7 REGULATORY RISK

On 11 March 2020, the Government of Hungary passed Government Decree No. 40/2020 in which it declared a national state of emergency. Under the Fundamental Law (Alaptörvény) of Hungary, under this special legal regime the Government of Hungary may temporarily suspend the application of certain Acts of Parliament by adopting Government decrees.

18. RECONCILIATION OF NET ASSET VALUE

The Company's Offering Supplement stipulates the amortisation of formation expenses over a period of 5 years following the commencement of the Company investments activities. In accordance with IFRS, formation expenses are written off to profit or loss in the period when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. reconciliation of Net asset value (continued)

	2021	2020
	€	€
Net asset value as per OM	**126,357,804**	116,763,772
Write of formation costs	**(24,167)**	(34,166)
Performance fees not recognised in list with IAS 37 (Note 3)	**633,934**	3,240,943
Other adjustments	**(1,205,959)**	(1,234,554)
NAV Net asset value as per IFRS	**125,761,612**	118,735,995

As at December 31, 2021

	As per OM	As per IFRS
	€	**€**
Net asset value	**126,357,804**	**125,761,612**
Number of investor shares	**1,056**	**1,056**
NAV per share	**119,657.01**	**119,092.44**

As at December 31, 2020

	As per OM	As per IFRS
	€	**€**
Net asset value	116,763,772	120,339,174
Number of investor shares	1,038	1,038
NAV per share	112,489.18	115,933.69

19. SUBSEQUENT EVENTS

Significant events in 2022 up to the date of these financial statements were:

At the beginning of 2022 the directorate of the company has approved the modification of the fund's Offering Memorandum, as a result of a change in the Depository of the fund from Dolfin Asset Services Limited to European Depositary Bank SA, Malta., as well as a change in the composition of the directorate of the fund manager.

The modified Offering Memorandum was approved by MFSA on 28th February 2022 and published on the company's homepage. These modifications have no direct impact on the Company's financial position.

Russia/Ukraine War

In February 2022, following the military conflict between Russia and Ukraine, certain countries announced new packages of sanctions against the public debt of the Russian Federation and a number of Russian banks, as well as sanctions against a number of connected individuals and entities.

The Company regards these circumstances as non-adjusting events after the reporting period. The Company does not have direct exposures to any party from those countries and currently, the board of Directors are analysing the possible impacts emanating from these events. However, its current experienced has been that this unfortunate state of affairs has no significant impact on the Company's operations. As the Fund has one Russian investor, the Directors has analysed this situation and came to the conclusion that it does not require immediate action as the person is not directly subject of any sanction. The board of Directors will continue monitoring the situation as it progresses

Change in existing bank loan agreements

Following the closing of the year-end there were no significant changes regarding the existing bank loan agreements, following which the Directors of the Company do not believe that this shall result in a material effect.

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Adventum Quartum Central Europe SICAV p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Adventum Quartum Central Europe SICAV p.l.c. (the "Company"), set on pages 12 to 41, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Adventum Quartum Central Europe SICAV p.l.c. - continued

Responsibilities of the Directors for the financial statements
The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Adventum Quartum Central Europe SICAV p.l.c. - continued

Auditor's responsibilities for the audit of the financial statements - continued

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act

We are required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the Directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

We also have responsibilities under the Companies Act to report to you if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The partner in charge of the audit resulting in this independent auditor's report is Christopher Portelli for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

28 June 2022