



Victoria House Group

Directors' Report 2021



26 April 2022

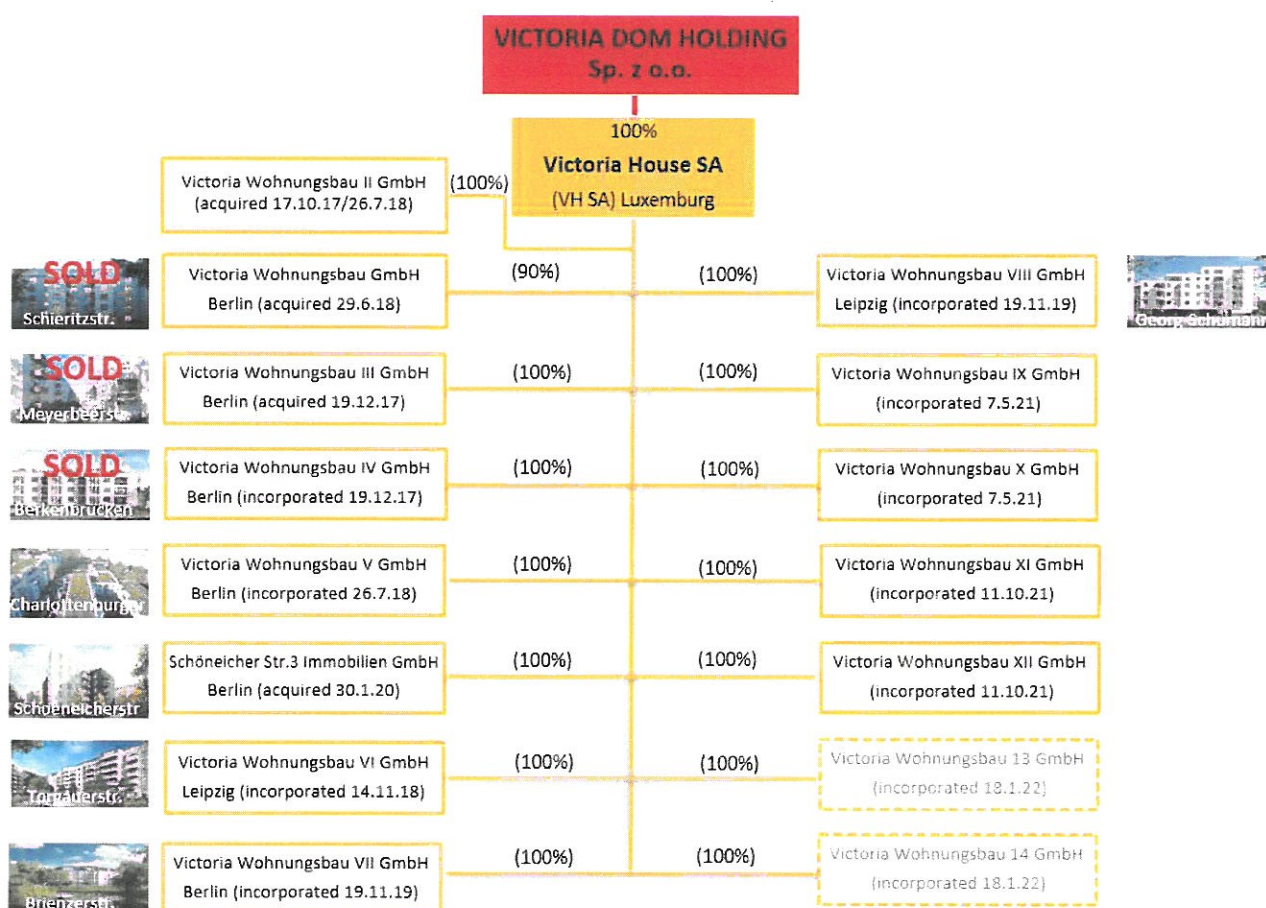
This Directors' Report is prepared for the Victoria House Group and is not part of the standalone financial statements of Victoria House SA.

I. Group Overview

Basic information

Victoria House (VH) is part of Victoria Dom Holding (VDH) Group which is a family owned business operating on the residential property development market in Poland for over 20 years. The entity was established in August 2017 with a purpose to expand and finance international development activities of the VDH Group.

As of 31 December 2021 VH holds a majority stake in 13 subsidiaries (with additional 2 registered in 2022), where of 7 owning real estate property to develop residential projects in Berlin and Leipzig. The current structure of the VH Group is presented below.



Group performance

The year 2021 was another year of growth for the VH Group. During the year the second residential project at Meyerbeerstrasse was completed and handed over to buyers.

The development of the project Berkenbruecker Steig by Victoria Wohnungsbau IV is progressing as planned with a view for completion in the first half of 2022.

The construction works were started on three projects – Charlie Berlin by Victoria Wohnungsbau V, Loux Leipzig by Victoria Wohnungsbau VI and Haus am See by Victoria Wohnungsbau VII.

Acquisitions of new land plots were agreed for three new projects in Berlin and Leipzig (one purchase completed in 2021 and two in the first quarter of 2022).

Board of Directors

The Board of VH consists of four directors, whereof two are independent from VDH Group:

- Michał Jasiński, the main Shareholder, President of VDH and VD,
- Waldemar Wasiluk, Group CFO, Managing Director in German subsidiaries
- Pascal Pech, Hauck & Aufhäuser Alternative Investment Services S.A.
- Richardus Brekelmans, independent Director

Group Financing

VH issued corporate bonds of 18,500,000 EUR in October/November 2017 to finance acquisition of real estates in Berlin. The initial maturity date for the bonds is October 2022, which was prolonged in 2021 until October 2027. The coupon of 4.5% fixed annual rate is paid twice year.

In February 2021 VH signed together with its' shareholder VDH a facility agreement with Fundusz Ekspansji Zagranicznej Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("PFR") for the amount of 7,000,000 EUR in order to finance both the development of existing projects as well as the acquisition of new land plots in Germany. The interest rate is fixed at 6.5%. In December 2021 the facility agreement was amended and in January 2022 second tranche of 3,000,000 EUR was obtained by VH from PFR.

The VH Group companies use the proceeds from the bonds and facility agreements mainly in form of intercompany loans to finance the purchase of the land plots. Development of residential projects is financed through external loans or customers' advances.

The status of external loans borrowed by VH Group companies as of 31.12.2021 is presented below.

Entity *	Borrower	Loan principle [EUR]	Interest rate [% p.a.]
VWB I	Victoria Dom S.A.	2 600 000	8%; no other fees
VWB V	Bankhause Lampe KG	5 317 423	2.95%
VWB VII	Deutsche Kreditbank	2 200 000	2.50%
SE3	Deutsche Kreditbank	2 127 000	2.50%

* VWB I = Victoria Wohnungsbau GmbH;
VWB VII = Victoria Wohnungsbau VII GmbH;

SE3 = Schoeneicherstrasse 3 Immobilien GmbH;
VWB V = Victoria Wohnungsbau V GmbH;

In March 2022 Victoria Wohnungsbau VIII utilized a tranche of external loan in the amount of 2,600,000 EUR provided by DZ Hyp. The interest rate for this facility agreement is 2.45%.


All profits from sale of real estates are being reinvested within the VH Group in order to finance the growth of the VH Group.

II. Group Consolidated Financial Statements

Balance Sheet*

	Notes	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
		EUR	EUR	EUR
Fixed Assets	(1)	927 103	1 231 513	517 560
Inventory	(2)	54 661 659	40 284 008	28 064 355
Receivables	(3)	379 255	434 754	175 998
Prepaid expenses		101 634	36 189	397 384
Cash at bank	(4)	2 344 207	5 115 653	3 400 523
Total Assets		58 413 858	47 102 117	32 555 820
Share capital		150 000	150 000	150 000
Reserve capital		2 652 477	152 477	100 000
Retained/consolidated earnings		372 230	989 560	2 393 734
Net profit / (loss)		-834 094	-617 330	-1 471 929
Own Equity		2 340 613	674 707	1 171 805
Minority interest	(5)	108 502	111 396	-16 192
Reserves / accrued tax	(6)	548 844	447 938	1 199 121
Deferred income	(4)	12 373 830	4 709 379	7 397 461
Bonds	(7)	18 662 132	18 648 000	17 640 000
Loans	(8)	21 996 210	20 549 794	4 986 104
Accounts payable		945 699	250 360	117 963
Other liabilities	(9)	1 438 028	1 710 543	59 558
Liabilities		55 964 742	46 316 014	31 400 208
Equity & Liabilities		58 413 858	47 102 117	32 555 820

*consolidated financial statements of VH Group are not subject to external audit. The group financial statements are audited at higher level as part of the consolidated financial statements of VDH Group.



Waldemar Wasiluk



Michal Jasinski



Richardus Brekelmans



Pascal Pech

Income Statement *

	notes	<u>2021</u> EUR	<u>2020</u> EUR	<u>2019</u> EUR
Net Sales	(10)	12 755 343	11 045 988	1 521
Cost of Sales		-10 983 969	-9 320 368	0
Profit on Sales		1 771 374	1 725 620	1 521
Sales Profit Margin		14%	16%	n/a
Operating cost		-1 034 496	-881 552	-520 101
Operating Profit / (Loss)		736 879	844 068	-518 580
Financial income		9	26 010	101
Financial costs	(11)	-1 466 563	-989 433	-948 367
Gross Profit / (Loss)		-729 676	-119 356	-1 466 846
Income Tax		-107 289	-370 385	-11 693
Net Profit / (Loss)		-836 965	-489 741	-1 478 539
<i>whereof minorities:</i>		<i>-2 871</i>	<i>127 588</i>	<i>-6 610</i>
Profit / (Loss) to Own Equity		-834 094	-617 330	-1 471 929

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Waldemar Wasiluk



Michal Jasinski



Richardus Brekelmans



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Notes

- (1) Fixed assets as of 31.12.2021 comprise of net goodwill from purchase of shares in subsidiaries above their book value in the amount of € 561,289; tangible fixed assets of €360,513 (VWB II); and other fixed assets €5,301 (VWB VI and VWB I).
- (2) Inventory represents the value of land at their purchase cost plus capitalized development cost of residential projects in Berlin and Leipzig (work in progress) as follows:

At 31.12.2021	Entity	Plot purchase value	Development cost
Meyerbeerstraße	VWB III	11 186	169 035
Berkenbrücker Stieg	VWB IV	4 082 925	10 327 848
Charlottenburgerstraße	VWB V	9 912 172	7 974 074
Eisenbahnstr./Torgauerstraße	VWB VI	5 638 056	775 697
Brienzer Straße	VWB VII	2 362 432	2 190 093
Georg-Schumann-Straße	VWB VIII	4 018 379	206 653
Schöneicherstraße	SE3	3 232 239	1 206 097
Seeburg	VWB IX	162 044	0
Pistoriusstraße	VWB X	2 392 729	0
TOTAL		31 812 162	22 849 496

At 31.12.2020	Entity	Plot purchase value	Development cost
Meyerbeerstraße	VWB III	3 728 795	5 186 724
Berkenbrücker Stieg	VWB IV	4 082 925	4 902 446
Charlottenburgerstraße	VWB V	9 912 172	922 598
Eisenbahnstr./Torgauerstraße	VWB VI	5 638 056	77 810
Brienzer Straße	VWB VII	2 362 432	17 393
Georg-Schumann-Straße	VWB VIII	100 000	0
Schöneicherstraße	SE3	3 232 239	120 417
TOTAL		29 056 619	11 227 389

At 31.12.2019	Entity	Plot purchase value	Development cost
Schieritzstraße	VWB I	2 844 000	4 678 638
Meyerbeerstraße	VWB III	3 728 795	2 004 415
Berkenbrücker Stieg	VWB IV	4 082 925	531 143
Charlottenburgerstraße	VWB V	9 912 172	282 266
TOTAL		20 567 892	7 496 463

- (3) Receivables consist of amounts due from customers, taxes or deposits. As of 31.12.2021 the amount referred mainly to amounts due from customers from the project Meyerbeerstraße in the amount of € 234,465 (VWB III) and the disputed receivable in court of € 80,000 (VWB II), other receivables amounted to € 64,790.

- (4) Cash at bank consists of current accounts of each entity and restricted bank accounts for customer payments at VWB III and VWB IV. The latter corresponds with deferred income paid in line with the progress in construction of Meyerbeerstraße and Berkenbrücker Stieg, respectively € 108,339 and € 555,328.
- (5) Minority interest refers to 10% of shares in VWB I owned by VD SA that excluded from retained earnings.
- (6) Reserves consist of accrued amounts of future liabilities that relate to the current year. Predominantly is refers to corporate income tax of VWB I in the amount of € 307,629 and VWB III of € 157,386 and VWB II of € 29,279.
- (7) Bonds refer to series I EUR 18,500,000 bonds with interest accrued from last interest payment date.
- (8) Loans relate to loans from shareholders and banks to VH and subsidiaries respectively. The principle amount of the borrowings with accrued interest at respective entity equalled to as follows:

Borrower (Lender)	Year Due	31.12.2021	31.12.2020	31.12.2019
VH (VDH)	2022	1 572 600	4 410 488	0
VWB I (Victoria Dom)	2022	3 402 674	3 194 674	2 986 104
VWB III (DKB Bank)	2021	0	5 114 440	2 000 000
VWB IV (DKB Bank)	2021	0	3 232 909	0
VWB V (Lampe Bank)	2023	5 317 423	4 597 284	0
VWB VII (DKB)	2023	2 200 000	0	0
SE3 (DKB)	2024	2 127 000	0	0
PFR	2027	7 376 639	0	0

- (9) Other liabilities refer to payments due to tax authorities within 1 year or amounts withheld from general contractor as a guarantee per the agreement. As of 31.12.2021 the biggest amounts referred guarantees withheld by VWB IV (€ 790,000), VWB V (€ 476,000) and VWB III (€ 141,368).
- (10) Net sales and profit on sales in 2021 and 2020 were recognized in connection with completion/delivery and sale of development projects respectively located at Meyerbeerstraße by VWB III and Schieritzstraße by VWB I. Revenue from projects are recognized when apartments are ready and handled-over to buyers. Completion of Berkenbrücker Stieg is planned during 2022.
- (11) The financial cost refer mainly to interest paid/accrued for bonds issued by VH SA (€ 754,132), loans from shareholder (€103,139), loans from (minority) shareholders (€ 208,000) and PFR (€ 376,639).