



Victoria House Group

Directors' Report 2023



12th June 2024

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

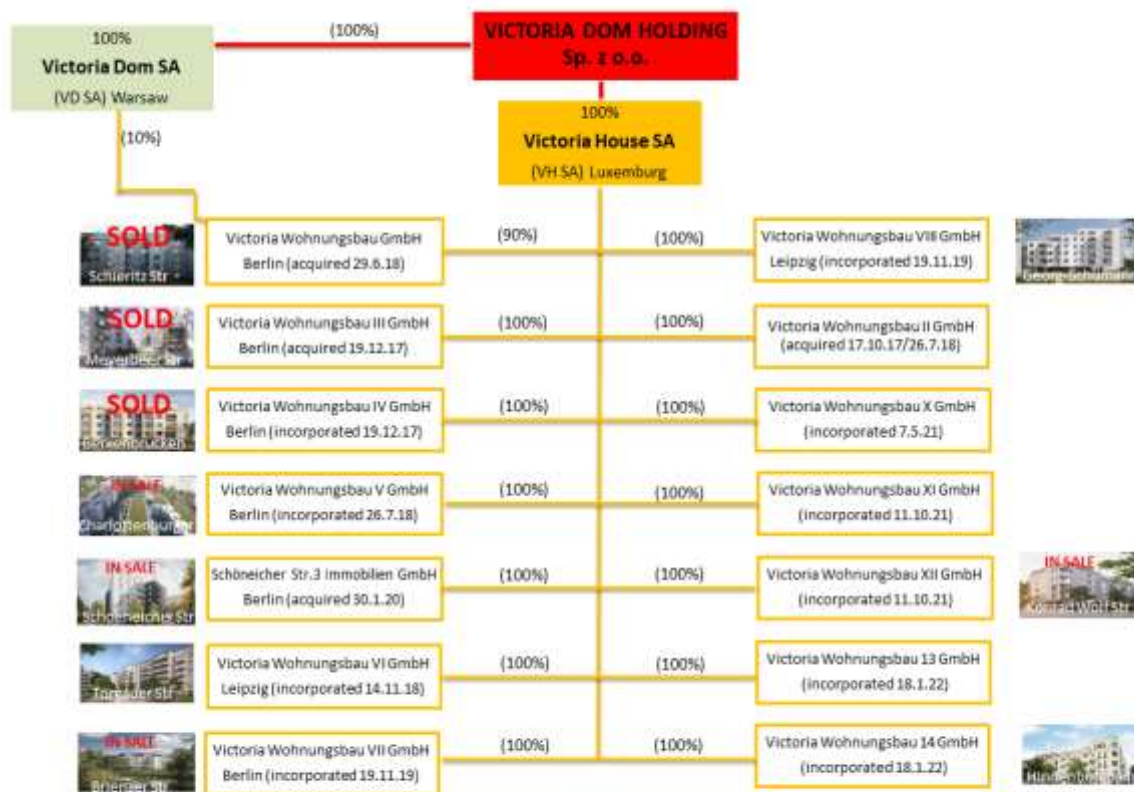
I. Group Overview

Basic information

Victoria House SA (VH) is part of Victoria Dom Holding Group (VDH), which is a family owned business, operating on the residential property development market in Poland.

Victoria House SA was established in August 2017 with a purpose to expand and finance international development activities of the VDH Group.

As of 31 December 2023 VH held a majority stake in 14 subsidiaries, all of them are operating in Germany. The current structure of the VH Group is presented below.



Group performance

The year 2023 was another year of growth for the VH Group. During this year the fourth residential project (Charlie by Victoria Wohnungsbau V) at Charlottenburger street in Berlin was completed and handed over to the buyers. Charlie was the so far biggest project completed by VH Group in Germany.

In Q2 2024 Pano Berlin project by Schöneicher Str.3 Immobilien has been finalised and apartments are gradually handed over to the customers. The Group plans to complete the project Haus am See by Victoria Wohnungsbau VII in Q3 2024, which will be followed by the completion of the first project in Leipzig named Loux Leipzig by Victoria Wohnungsbau VI (the handover is forecasted for Q4 2024).

In 2023 Victoria Wohnungsbau 14 acquired a new land plot in Berlin at Hindenburgdamm street.

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 the Management Board of Victoria Dom Holding and Victoria Dom,
- 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 in October/November 2017 in the amount of 18,500,000 EUR to finance acquisition of real estates in Berlin. The initial maturity date for the bonds was October 2022, which was prolonged in 2021 until October 2027. The coupon of 4.5% fixed annual rate is paid twice year.

In 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 10,000,000 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 March 2024 VH repaid the first tranche as scheduled.

The VH Group uses the proceeds from the bonds and facility agreements mainly to finance the purchase of the land plots. Development of residential projects is financed through external bank loans and customers' advances.

The status of active external loans as of end of December 2023 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	Westerwald Bank eG	2 900 000	4.6%
VWB VI	Deutsche Kreditbank AG	13 242 436	6.458%
VWB VII	Deutsche Kreditbank AG	5 806 901	6.458%
VWB VIII	DZ Hyp AG	2 600 000	6.405%
SE3	Deutsche Kreditbank AG	10 880 183	6.425%
VWB XII	Hauck Aufhäuser Lampe Privatbank AG	1 729 637	6.45%
VWB 14	Hauck Aufhäuser Lampe Privatbank AG	3 224 075	5.78%

* VWB I = Victoria Wohnungsbau GmbH; VWB V = Victoria Wohnungsbau V GmbH; VWB VI = Victoria Wohnungsbau VI GmbH; VWB VII = Victoria Wohnungsbau VII GmbH; SE3 = Schoeneicherstrasse 3 Immobilien GmbH; VWB VIII = Victoria Wohnungsbau VIII GmbH; VWB XII = Victoria Wohnungsbau XII GmbH; VWB 14 = Victoria Wohnungsbau 14 GmbH

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

Consolidated Balance Sheet*

	Notes	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
		EUR	EUR	EUR
Fixed Assets	(1)	633 370	617 070	927 103
Inventory	(2)	86 878 566	74 459 170	54 661 659
Receivables	(3)	470 211	225 171	379 255
Prepaid expenses		86 201	82 185	101 634
Cash at bank	(4)	16 043 497	3 997 579	2 344 207
Total Assets		104 111 845	79 381 175	58 413 858
Share capital		2 750 000	2 750 000	150 000
Reserve capital		52 477	52 477	2 652 477
Retained earnings		(1 385 381)	(461 864)	372 230
Net profit / (loss)		1 759 629	(923 517)	(834 094)
Own Equity		3 176 724	1 417 096	2 340 613
Minority interest	(5)	93 761	99 178	108 502
Reserves / accrued tax	(6)	621 079	712 056	548 844
Deferred income	(4)	18 289 386	19 950 033	12 373 830
Bonds	(7)	18 666 500	18 666 500	18 662 132
Loans	(8)	56 301 006	31 693 952	21 996 210
Accounts payable		5 638 132	4 864 360	945 699
Other liabilities	(9)	1 325 257	1 978 000	1 438 028
Liabilities		100 841 360	77 864 901	55 964 742
Equity & Liabilities		104 111 845	79 381 175	58 413 858

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

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Waldemar Wasiluk	Michal Jasinski	Richardus Brekelmans	Pascal Pech

Consolidated Income Statement *

	Notes	2023 EUR	2022 EUR	2021 EUR
Net Sales	(10)	29 284 543	19 217 626	12 755 343
Cost of Sales		(23 440 263)	(16 915 086)	(10 983 969)
Profit on Sales		5 844 279	2 302 541	1 771 374
Sales Profit Margin		0	12%	14%
Operating cost		(1 133 868)	(1 134 733)	(1 034 496)
Operating Profit / (Loss)		4 710 412	1 167 808	736 879
Financial income		1 045	7 091	9
Financial costs	(11)	(1 963 410)	(1 868 918)	(1 466 563)
Gross Profit / (Loss)		2 748 046	(694 019)	(729 676)
Income Tax		(993 835)	(238 823)	(107 289)
Net Profit / (Loss)		1 754 211	(932 842)	(836 965)
<i>whereof minorities:</i>		<i>(5 418)</i>	<i>(9 325)</i>	<i>(2 871)</i>
Profit / (Loss) to Own Equity		1 759 629	(923 517)	(834 094)

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Notes

(1) Fixed assets as of 31.12.2023 comprise of net goodwill from purchase of shares in subsidiaries above their book value in the amount of € 163,800; tangible fixed assets of € 469,050 (VWB II) and other fixed assets €520 (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 31.12.2023	Entity	Plot purchase value	Development cost
Charlottenburgerstraße	VWB V	3 566 948	11 085 823
Eisenbahnstr./Torgauerstraße	VWB VI	5 638 056	17 986 142
Brienzer Straße	VWB VII	2 362 432	8 415 523
Georg-Schumann-Straße	VWB VIII	4 018 379	1 072 205
Schöneicherstraße	SE3	3 232 239	10 786 114
Pistoriusstraße	VWB X	2 392 729	133 507
Breite Straße	VWB XI	5 561 587	96 459
Konrad-Wolf-Straße	VWB XII	2 980 062	813 950
Hindenburgdamm	VWB 14	5 900 723	835 687
TOTAL		35 653 155	51 225 411

At 31.12.2022	Entity	Plot purchase value	Development cost
Charlottenburgerstraße	VWB V	9 912 172	20 461 610
Eisenbahnstr./Torgauerstraße	VWB VI	5 638 056	6 036 171
Brienzer Straße	VWB VII	2 362 432	4 597 685
Georg-Schumann-Straße	VWB VIII	4 018 379	650 037
Schöneicherstraße	SE3	3 232 239	5 793 272
Pistoriusstraße	VWB X	2 392 729	46 368
Breite Straße	VWB XI	5 561 587	37 690
Konrad-Wolf-Straße	VWB XII	2 775 858	136 643
Hindenburgdamm	VWB 14	250 000	556 242
TOTAL		36 143 452	38 315 718

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

- (3) Receivables consist of amounts due from customers, taxes or deposits. As of 31.12.2023 the amount consisted mainly from the amounts due from customers from the project Loux Leipzig in the amount of € 410,816 (VWB VI).
- (4) Cash at bank consists of current accounts of each entity, cash held as security deposits in VWB V and restricted bank accounts for customer payments at VWB VI, VWB VII and VWB SE. The customer payments accounts correspond with deferred income paid in line with the progress in construction of Loux Leipzig project at Torgauerstraße/Eissenbahnstraße, Pano Berlin project at Schöneicherstraße and Haus am See project at Brienzer Straße, respectively € 5,608,649, € 7,835,977 and € 1,136,682.
- (5) Minority interest refers to 10% of shares in VWB I owned by VD SA that is excluded from retained earnings.
- (6) Reserves consist of accrued amounts of future liabilities that relate to the both current and previous year. Predominantly is refers to corporate income tax of VWB III of € 183,797 and VWB IV of € 193,704 and accrual for current construction costs of VWB V of € 217,486.
- (7) Bonds refer to series I EUR 18,500,000 bonds with interest accrued from last interest payment date (19th October 2023) till the balance sheet date (31st December 2023).
- (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 is presented in the below table:

Borrower (Lender)	Year Due	31.12.2023	31.12.2022	31.12.2021
VH (VDH)	2027	3 149 396	4 083 001	1 572 600
VWB I (Victoria Dom)	2023	3 818 674	3 610 674	3 402 674
VWB V (Lampe Bank)	2023	-	1 427 325	5 317 423
VWB V (Westerwald Bank)	2028	2 900 000	-	-
VWB VI (DKB)	2024	13 242 436	-	-
VWB VII (DKB)	2024	3 706 901	2 574 000	2 200 000
SE3 (DKB)	2024	10 880 183	6 349 250	2 127 000
VWB VIII (DZ HYP)	2025	2 600 000	2 600 000	-
VWB XII (Lampe Bank)	2025	1 729 638	-	-
VWB 14 (Lampe Bank)	2024	3 224 075	-	-
PFR	2027	11 049 702	11 049 702	7 376 639

- (9) Other liabilities refer to amounts withheld from general contractor as a guarantee per the construction agreement. As of 31.12.2023 the liabilities from withheld guarantees amounted to € 614,257 by VWB VI, € 543,000 by SE 3 and € 167,000 by VWB VII.

- (10) Net sales and profit on sales in 2023, 2022 and 2021 were recognized in connection with completion/delivery and sale of development projects respectively located at Charlottenburgerstraße by VWB V, Berkenbrücker Steig by VWB IV and Meyerbeerstraße by VWB III. Revenue from projects are recognized when apartments are handed-over to buyers.
- (11) The financial cost refer mainly to interest paid/accrued for bonds issued by VH SA (€ 832,500), loans from shareholder (€229,338), loans from (minority) shareholders (€ 209,328) and PFR (€ 691,143).