



# Victoria House Group

## Directors' Report 2022



24<sup>th</sup> April 2023

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

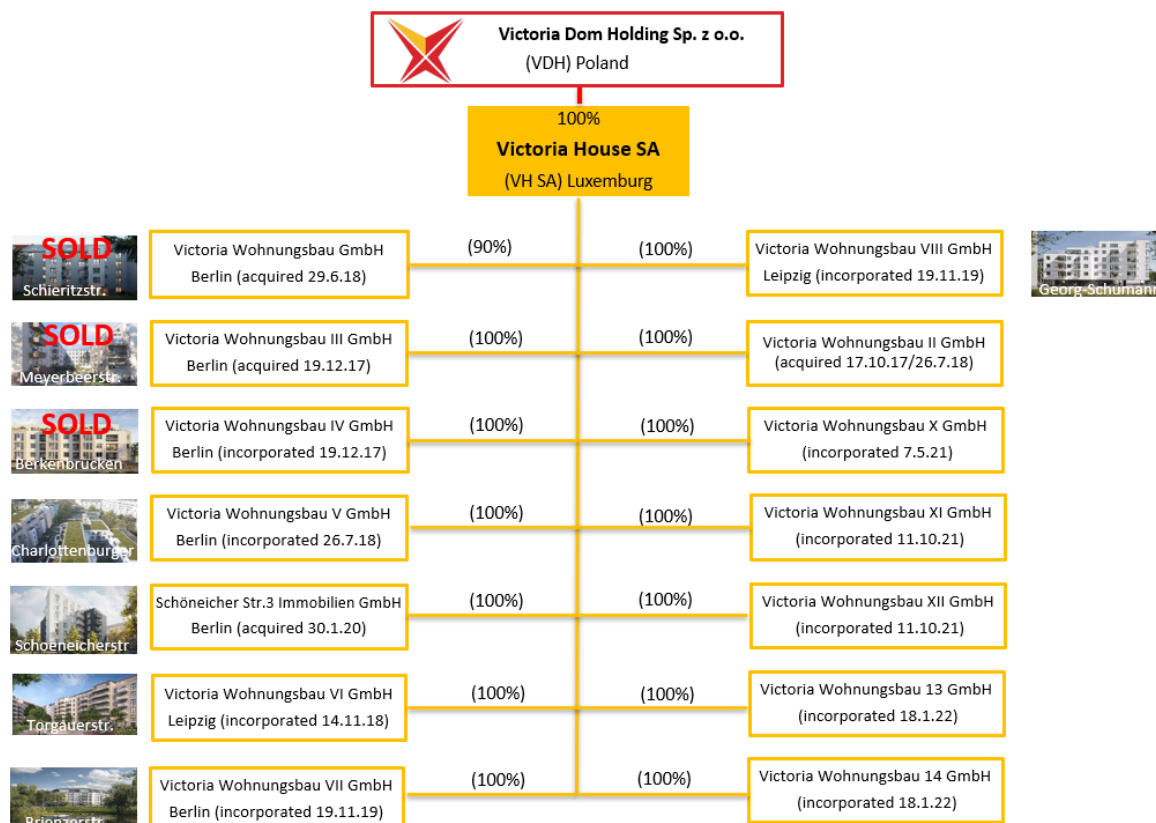
## I. Group Overview

### 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. In 2023 VDH Group celebrates the 25<sup>th</sup> anniversary of its foundation.

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 2022 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 2022 was another year of growth for the VH Group. During this year the third residential project at Berkenbrücker Steig street in Berlin was completed and handed over to the buyers.

The most advanced development project, which is Charlie by Victoria Wohnungsbau V, is planned to be completed the second half of 2023.

The construction works on the other three projects, which are currently active, are also progressing in line with the plans and these projects should be completed during the year 2024 – Pano Berlin by Schöneicher Str.3 Immobilien, Loux Leipzig by Victoria Wohnungsbau VI and Haus am See by Victoria Wohnungsbau VII.

Acquisition of new land plot in Berlin is in process and should be completed by the end of June 2023.

## **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 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 the loan in the amount of 3,000,000 EUR has been released.

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 bank loans as of end of December 2022 is presented below.

<b>Entity *</b>	<b>Borrower</b>	<b>Loan principle [EUR]</b>	<b>Interest rate [% p.a.]</b>
<b>VWB I</b>	Victoria Dom S.A.	2 600 000	8%; no other fees
<b>VWB V</b>	Hauck Aufhäuser Lampe Privatbank AG	1 427 325	5.476%
<b>VWB VII</b>	Deutsche Kreditbank AG	2 574 000	4.563%
<b>SE3</b>	Deutsche Kreditbank AG	6 349 250	4.186%
<b>VWB VIII</b>	DZ Hyp AG	2 600 000	4.404%

\* VWB I = Victoria Wohnungsbau GmbH; VWB V = Victoria Wohnungsbau V GmbH; VWB VII = Victoria Wohnungsbau VII GmbH; SE3 = Schoeneicherstrasse 3 Immobilien GmbH; VWB VIII = Victoria Wohnungsbau VIII 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>31.12.2022</u> EUR	<u>31.12.2021</u> EUR	<u>31.12.2020</u> EUR
Fixed Assets	(1)	617 070	927 103	1 231 513
Inventory	(2)	74 459 170	54 661 659	40 284 008
Receivables	(3)	225 171	379 255	434 754
Prepaid expenses		82 185	101 634	36 189
Cash at bank	(4)	3 997 579	2 344 207	5 115 653
<b>Total Assets</b>		<b>79 381 175</b>	<b>58 413 858</b>	<b>47 102 117</b>
Share capital		450 000	150 000	150 000
Reserve capital		2 352 477	2 652 477	152 477
Retained earnings		(461 864)	372 230	989 560
Net profit / (loss)		(923 517)	(834 094)	(617 330)
<b>Own Equity</b>		<b>1 417 096</b>	<b>2 340 613</b>	<b>674 707</b>
Minority interest	(5)	99 178	108 502	111 396
Reserves / accrued tax	(6)	712 056	548 844	447 938
Deferred income	(4)	19 950 033	12 373 830	4 709 379
Bonds	(7)	18 666 500	18 662 132	18 648 000
Loans	(8)	31 693 952	21 996 210	20 549 794
Accounts payable		4 864 360	945 699	250 360
Other liabilities	(9)	1 978 000	1 438 028	1 710 543
<b>Liabilities</b>		<b>77 864 901</b>	<b>55 964 742</b>	<b>46 316 014</b>
<b>Equity &amp; Liabilities</b>		<b>79 381 175</b>	<b>58 413 858</b>	<b>47 102 117</b>

\*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	<b>2022</b> EUR	<b>2021</b> EUR	<b>2020</b> EUR
Net Sales	(10)	19 217 626	12 755 343	11 045 988
Cost of Sales		(16 915 086)	(10 983 969)	(9 320 368)
<b>Profit on Sales</b>		<b>2 302 541</b>	<b>1 771 374</b>	<b>1 725 620</b>
Sales Profit Margin		12%	14%	16%
Operating cost		(1 134 733)	(1 034 496)	(881 552)
<b>Operating Profit / (Loss)</b>		<b>1 167 808</b>	<b>736 879</b>	<b>844 068</b>
Financial income		7 091	9	26 010
Financial costs	(11)	(1 868 918)	(1 466 563)	(989 433)
<b>Gross Profit / (Loss)</b>		<b>(694 019)</b>	<b>(729 676)</b>	<b>(119 356)</b>
Income Tax		(238 823)	(107 289)	(370 385)
<b>Net Profit / (Loss)</b>		<b>(932 842)</b>	<b>(836 965)</b>	<b>(489 741)</b>
<i>whereof minorities:</i>		<i>(9 325)</i>	<i>(2 871)</i>	<i>127 588</i>
<b>Profit / (Loss) to Own Equity</b>		<b>(923 517)</b>	<b>(834 094)</b>	<b>(617 330)</b>

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## Notes

(1) Fixed assets as of 31.12.202 comprise of net goodwill from purchase of shares in subsidiaries above their book value in the amount of € 341,337; tangible fixed assets of € 263,884 (VWB II), intangible fixed assets of € 7,023 (VWB II) and other fixed assets €4,826 (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 31.12.2022	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
<b>TOTAL</b>		<b>36 143 452</b>	<b>38 315 718</b>

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
<b>TOTAL</b>		<b>31 812 162</b>	<b>22 849 496</b>

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
<b>TOTAL</b>		<b>29 056 619</b>	<b>11 227 389</b>

- (3) Receivables consist of amounts due from customers, taxes or deposits. As of 31.12.2022 the amount consisted mainly from the amounts due from customers from the project Berkenbrücker Steig in the amount of € 78,269 (VWB IV) and the disputed receivable in court of € 80,000 (VWB II), other receivables amounted to € 66,902.
- (4) Cash at bank consists of current accounts of each entity, cash held as security deposits in VWB III and VWB V and restricted bank accounts for customer payments at VWB VII and VWB SE. The customer payments accounts correspond with deferred income paid in line with the progress in construction of Pano Berlin project at Schöneicherstraße and Haus am See project at Brienzer Straße, respectively € 3,000,629 and € 185,000.
- (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, VWB III of € 183,797 and VWB IV of € 193,704.
- (7) Bonds refer to series I EUR 18,500,000 bonds with interest accrued from last interest payment date (19<sup>th</sup> October 2022) till the balance sheet date (31<sup>st</sup> December 2022).
- (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:

<b>Borrower (Lender)</b>	<b>Year Due</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
VH (VDH)	2027	4 083 001	1 572 600	4 410 488
VWB I (Victoria Dom)	2023	3 610 674	3 402 674	3 194 674
VWB III (DKB)	2021	-	-	5 114 440
VWB IV (DKB)	2021	-	-	3 232 909
VWB V (Lampe Bank)	2023	1 427 325	5 317 423	4 597 284
VWB VII (DKB)	2024	2 574 000	2 200 000	-
SE3 (DKB)	2023	6 349 250	2 127 000	-
VWB VIII (DZ HYP)	2025	2 600 000	-	-
PFR	2027	11 049 702	7 376 639	-

- (9) Other liabilities refer to amounts withheld from general contractor as a guarantee per the agreement. As of 31.12.2022 the liabilities from withheld guarantees amounted to € 1,496,000 by VWB V, € 384,000 by SE 3 and € 98,000 by VWB VII.
- (10) Net sales and profit on sales in 2022, 2021 and 2020 were recognized in connection with completion/delivery and sale of development projects respectively located at Berkenbrücker Steig by VWB IV, Meyerbeerstraße by VWB III and Schieritzstraße by



VWB I. 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 (€153,482), loans from (minority) shareholders (€ 208,000), PFR (€ 673,063). Other financial costs amounted to € 1,874.