



KPMG d.o.o. Beograd
Milutina Milankovića 1J
11070 Belgrade
Serbia
+381 (0)11 20 50 500

TRANSLATION

Independent Auditor's Report

**To the Shareholders
of Reco Real Property ad Beograd**

Opinion

We have audited the financial statements of Reco Real Property ad Beograd (the "Company"), which comprise:

- the balance sheet as at 31 December 2022;
- the income statement for the period from 1 January to 31 December 2022; and
- notes, comprising a summary of significant accounting policies and other explanatory information (the "financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance for the year then ended in accordance with the accounting regulations effective in the Republic of Serbia.

Basis for Opinion

We conducted our audit in accordance with the Law on Auditing of the Republic of Serbia and applicable auditing standards in the Republic of Serbia. Our responsibilities under those regulations are further described in the Auditor's Responsibility for the audit of the financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 2.3 to the financial statements which describes that the Company elected to change its accounting policy for recognition of rental income and made retrospective adjustments to the comparative information in the accompanying financial statements. Consequently, the comparative information in the accompanying financial statements has been restated. Our opinion is not modified in respect of this matter.

Other matter – reissued Independent Auditors' Report

The Company's financial statements for the year ended on 31 December 2022 were previously issued by the management of the Company on 21 June 2023. We issued our Independent Auditor's Report on those financial statements on 21 June 2023. However, subsequently to the issuance of the financial statements, management decided to correct those financial statements in connection with changes in accounting policies as disclosed in Note 2.3 to the financial statements. The Company reissued its financial statements for the year ended on 31 December 2022 on 26 October 2023. As a result, this Independent Auditor's Report replaces our Independent Auditor's Report dated 21 June 2023, on the financial statements for the year ended 31 December 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting regulations effective in the Republic of Serbia, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 the Law on Auditing of the Republic of Serbia and applicable auditing standards in the Republic of Serbia 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 the Law on Auditing of the Republic of Serbia and applicable auditing standards in the Republic of Serbia, we exercise professional judgment and maintain professional scepticism 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 management;
- Conclude on the appropriateness of management's 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.

We communicate with those charged with governance 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.

KPMG d.o.o., Beograd

Signed on the Serbian original

Sanja Kočović
Licensed Certified Auditor

Belgrade, 26 October 2023

*This is a translation of the original Independent Auditor's Report issued in the Serbian language.
All due care has been taken to produce a translation that is as faithful as possible to the original.
However, if any questions arise related to interpretation of the information
contained in the translation, the Serbian version of the document shall prevail.
We assume no responsibility for the correctness of the translation of the Company's financial statements.*

KPMG d.o.o., Beograd

Sanja Kočović
Licensed Certified Auditor

Belgrade, 26 October 2023

Legal representative		
ID 20302810	Code 6820	TIN 105056335
Reco Real Property a.d.		
Vuka Karadzica 10, Beograd		

Balance sheet
as of 31.12.2022

- in 000 RSD -

Account	Description	AOP	Note	Amount		
				Current year	Previous year	
					End balance	Oppening balance
1	2	3	4	5	6	7
	ASSETS					
0	A. SUBSCRIBED CAPITAL UNPAID	0001				
	B. PERMANENT ASSETS (0003+0009+0017+0018+0028)	0002		1.605.156	1.658.259	1.663.253
01	I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008)	0003		0	0	0
010 & part 019	1. Research costs	0004				
011, 012 & 014	2. Concessions, patents, licenses, trademarks, software and other rights	0005				
013	3. Goodwill	0006				
015 & 016	4. Intangible assets in leasing, intangible assets in progress	0007				
017	5. Advances for intangible assets	0008				
02	II. IMMOVABLE PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)	0009		1.600.245	1.653.737	1.656.433
020, 021 & 022	1. Land and construction facilities	0010				
023	2. Plant and equipment	0011				
024	3. Investment property	0012		1.600.245	1.653.737	1.656.433
025 & 027	4. Leased PPE and PPE under construction	0013				
026 & 028	5. Other PPE and investments in not owed immovable property, plant and equipment	0014				
029 (part)	6. Prepayments for immovable property, plant and equipment domestic	0015				
029 (part)	7. Prepayments for immovable property, plant and equipment abroad	0016				
03	III. NATURAL ASSETS	0017				
	IV. LONG-TERM FINANCIAL INVESTMENTS (0019+0020+0021+0022+0023+0024+0025+0026+0027)	0018		0	0	0
040 (part), 041 (part) & 042 (part)	1. Investments in capital of parent companies and subsidiaries	0019				
040 (part), 041 (part), 042 (part)	2. Investments in capital measured according to the stake method	0020				
043, 050 (part), 051 (part)	3. Long-term investments to parent companies, subsidiaries and other related entities domestic	0021				
044, 050 (part), 051 (part)	4. Long-term investments to parent companies, subsidiaries and other related entities domestic abroad	0022				
045 (part) & 053 (part)	5. Long-term investments (loans) domestic	0023				
045 (part) & 053 (part)	6. Long-term investments (loans) abroad	0024				
046	7. Long-term financial investments (securities valued at depreciated value)	0025				
047	8. Redeemed shares and stakes	0026				
048, 052, 054, 055 & 056	9. Other long-term investments	0027				
28 (part), oc&m 288	V. Long term provisions	0028		4.911	4.522	6.820
288	V. Deferred tax assets	0029				
	G. Current asset (0031+0037+0038+0044+0048+0057+0058)	0030		126.419	238.738	167.720
	I STOCK (0032+0033+0034+0035+0036)	0031		545	158	465
10	1. Material, spare parts, tools and small value inventory	0032				
11 & 12	2. Work in progress and finished goods	0033				
13	3. Merchandise	0034				

150, 152 & 154	4. Advances paid for supplies and services domestic	0035		545	158	465
151, 153 & 155	5. Advances paid for supplies and services abroad	0036				
14	II Fixed assets held for sale and termination of business	0037				
20	III RECEIVABLES FROM SALES (0039+0040+0041+0042+0043)	0038		21.686	15.020	15.945
204	1. Trade receivables domestic	0039		21.686	15.020	15.945
205	2. Trade receivables abroad	0040				
200 & 202	3. Trade receivables domestic - parent companies and subsidiaries	0041				
201 & 203	4. Trade receivables abroad - parent companies and subsidiaries	0042				
206	5. Other receivables from sales	0043				
21, 22 & 27	IV Other short-term receivables (0045+0046+0047)	0044		7.143	1.187	2.375
21, 22 oc&M 223 & 224, & 27	1. Other receivables	0045				
223	2. Receivable for overpaid CIT	0046		7.094	1.137	2.320
224	3. Receivable for overpaid other taxes and contributions	0047		49	50	55
23	V SHORT TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	0048		0	0	0
230	1. Short-term loans and investments	0049				
231	2. Short-term loans and investments - other subsidiaries	0050				
232, 234 (part)	3. Short-term loans and investments domestic	0051				
233, 234 (part)	4. Short-term loans and investments abroad	0052				
236 (part)	5. Securities valued at depreciated value	0053				
235	6. Financial assets measured at fair value through PnL	0054				
237	7. Repurchased own shares and stakes	0055				
236 (part), 238 & 239	8. Other short-term financial investments	0056				
24	VI. CASH AND CASH EQUIVALENTS	0057		93.799	221.064	147.260
28 (part), oc&M 288	VII. SHORT-TERM FINANCIAL PROVISIONS	0058		3.246	1.309	1.675
	D. TOTAL ASSETS - BUSINESS ASSETS (0001+0002+0029+0030)	0059		1.731.575	1.896.997	1.830.973
88	DJ. OFF-BALANCE SHEET ASSETS	0060				
	LIABILITIES					
	A. EQUITY (0402+0403+0404+0405+0406-0407+0408+0411-0412)>=0	0401		1.450.001	1.442.824	1.392.211
30, oc&M 306	I. NOMINAL CAPITAL	0402		817.470	817.470	817.470
31	II. SUBSCRIBED AND UNPAID CAPITAL	0403				
306	III. Premium	0404				
32	IV. RESERVES	0405				
330 & потражн& салдо рачуна	V. POSITIVE REEVALUATION RESERVES FROM INTANGIBLE ASSETS, UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER RESULT					
салдо рачуна 331, 332, 333, 334, 335, 336 & 337	UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER RESULT	0406				
дугови& салдо рачуна 331, 332, 333, 334, 335, 336 & 337	VII. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPLETE RESULT	0407				
34	VIII. RETAINED EARNINGS (0409+0410)	0408		632.531	625.354	574.741
340	1. Retained earnings from previous years	0409		625.354	574.741	526.794
341	2. Retained earnings from current year	0410		7.177	50.613	47.947
	IX. INVESTMENTS WITHOUT CONTROLLING RIGHTS	0411				
35	X. LOSS (0413+0414)	0412		0	0	0
350	1. Previous years losses	0413				
351	2. Current year loss	0414				
	B. LONG-TERM LIABILITIES (0416+0420+0428)	0415		0	0	293.950
40	B. LONG-TERM Reserves (0417+0418+0419)	0416		0	0	0

404	1. Provisions for salaries and other benefits for employees	0417				
400	2. Warranty provisions	0418				
40 oc&M 400 & 404	3. Other long-term provisions	0419				
41	II. LONG-TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	0420	0	0	293.950	
410	1. Liabilities which can be converted into capital	0421				
411 (part) & 412 (part)	2. Long-term loans and other liabilities from parent, subsidiaries and other related entities - domestic	0422			293.950	
411 (part) & 412 (part)	3. Long-term loans and other liabilities from parent, subsidiaries and other related entities - foreign	0423				
414 & 416 (part)	4. Long-term loan and leasing domestic	0424				
415 & 416 (part)	5. Long-term loan and leasing abroad	0425				
413	6. Liabilities on issued securities	0426				
419	7. Other long-term liabilities	0427				
49 (part), oc&M 498 & 495 (part)	III. LONG - TERM ACCRUED AND DEFERRED INCOME	0428				
498	B. DEFERRED TAX LIABILITIES	0429	118.234	121.411	116.969	
495 (part)	G. LONG-TERM DEFERRED INCOMES AND DONATIONS	0430				
	D. SHORT-TERM LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	0431	163.340	332.762	27.843	
467	I. SHORT TERM LIABILITIES	0432				
42, oc&M 427	II. Short-term financial liabilities (0434+0435+0436+0437+0438+0439+0440)	0433	146.653	293.955	0	
420 (part) & 421 (part)	1. Short-term loans from parent, subsidiaries and other related entities -domestic	0434				
420 (part) 420 (part) & 421 (part)	2. Short-term loans from parent, subsidiaries and other related entities - abroad	0435	146.653	293.955		
422 (part), 424 (part), 425 (part) & 429 (part)	3. Liabilities based on loans and borrowings from persons other than domestic banks	0436				
422 (part), 424 (part), 425 (part) & 429 (part)	4. Liabilities based on loans from domestic banks	0437				
423, 424 (part), 425 (part), 429 (part)	5. Loans, liabilities abroad	0438				
426	6. Liabilities for short-term securities	0439				
428	7. Liabilities based on financial derivatives	0440				
430	III. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY	0441	2.999	3.005	3.005	
43 oc&M 430	IV. LIABILITIES FROM BUSINESS OPERATIONS (0443+0444+0445+0446+0447+0448)	0442	2.029	2.166	2017	
431 & 433	1. Trade payables - parent companies and subsidiaries domestic	0443				
432 & 434	2. Trade payables - parent companies and subsidiaries abroad	0444				
435	3. Trade payables - other companies domestic	0445	2.029	1.919	1.767	
436	4. Trade payables - other companies abroad	0446		247	250	
439 (part)	5. Bills of exchange obligations	0447				
439 (part)	6. Other liabilities from business operations	0448				
44, 45, 46, oc&M 467, oc&M 467, 47 & 48	V. OTHER SHORT-TERM LIABILITIES (0450+0451+0452)	0449	1.595	1.255	1.716	
44, 45 & 46 oc&M 467	1. Other short-term liabilities	0450				
47, 48 oc&M 481	2. Liabilities for value added tax and other public revenues	0451	1.595	1.255	1.716	
481	3. Liabilities for CIT	0452				
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE FROM LIQUIDATED BUSINESSES.	0453				
49 (part) oc&M 498	VII. SHORT - TERM ACCRUED AND DEFERRED INCOME	0454	10.064	32.381	21.105	

	DJ. LOSS OVER EQUITY (0415+0429+0430+0431-0059) >= 0 = (0407+0412-0402-0403-0404-0405-0406-0408-0411)>=0	0455		0	0	0
	E. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430+0431+0455)	0456		1.731.575	1.896.997	1.830.973
89	Z. OFF-BALANCE SHEET LIABILITIES	0457				

20302810	Legal representative Business code 6820	TIN 105056335
Name Reco Real Property a.d.		
Address Vuka Karadzica 10, Beograd		

Income statement
from 01.01. up to 31.12.2022.

- у хиљадама динара -

Accounts	Description	AOP	Note	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. OPERATING REVENUE (1002+1005+1008+1009-1010+1011+1012)	1001		94.791	103.117
60	I. REVENUE FROM SALES OF MERCHANDISE (1003+1004)	1002		0	0
600, 602 и 604	1. Revenue from sales of merchandise domestic	1003			
601, 603 и 605	2. Revenue from sales of merchandise abroad	1004			
61	II. REVENUE FROM SALES OF FINISHED GOODS AND RENDERED SERVICES (1006+1007)	1005		0	0
610, 612 и 614	1. Revenue from sales of finished goods and rendered services - domestic	1006			
611, 613 и 615	2. Revenue from sales of finished goods and rendered services - abroad	1007			
62	III. REVENUES FROM ACTIVATION OF GOODS	1008			
630	IV. INCREASING THE VALUE OF INVENTORIES OF UNFINISHED AND FINISHED GOODS	1009			
631	V. DECREASING THE VALUE OF INVENTORIES OF UNFINISHED AND FINISHED GOODS	1010			
64 и 65	VI. OTHER OPERATING REVENUES	1011		94.791	103.117
68 осим 683, 685 и 686	VII. INCOME FROM ASSETS VALUE ADJUSTMENT (EXCL. FINANCIAL)	1012			
	B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	1013		77.884	22.265
50	I. COST OF GOODS SOLD	1014			
51	II. COST OF MATERIAL, FUEL AND ENERGY	1015		485	496
52	III. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES (1017+1018+1019)	1016		0	0
520	1. Cost of salaries	1017			
521	2. PIT and SSC on salaries	1018			
52 осим 520 и 521	3. Other personal costs	1019			
540	IV. COST OF DEPRICIATION	1020			
58 осим 583, 585 и 586	V. EXPENSES FROM PROPERTY VALUE ADJUSTMENT (EXCL. FINANCIAL)	1021		53.492	2.696
53	VI. COST OF PRODUCTION SERVICES	1022		543	1.493
54 осим 540	VII. COST OF PROVISIONS	1023			
55	VIII. NON-PRODUCTION COST	1024		23.364	17.580
	V. NET OPERATING INCOME (1001-1013) >= 0	1025		16.907	80.852
	G. NET OPERATING LOSS (1013-1001) >= 0	1026		0	0
	D. FINANCIAL INCOME (1028+1029+1030+1031)	1027		548	76
660 и 661	I. FINANCIAL INCOME INCURRED WITH PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	1028		83	52
662	II. INCOME FROM INTERESTS	1029			
663 и 664	III. CURRENCY CLAUSE INCOME	1030		465	24
665 и 669	IV. OTHER FINANCIAL INCOME	1031			
	Ђ. FINANCIAL LOSS(1033+1034+1035+1036)	1032		9.064	11.395
560 и 561	I. FINANCIAL LOSS FROM PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1033		8.768	11.325
562	II. INTERESTS COST	1034		53	48
563 и 564	III. NEGATIVE CURRENCY CLAUSE	1035		243	22
565 и 569	IV. OTHER FINANCIAL LOSSES	1036			
	E. NET INCOME (1027-1032)	1037		0	0
	Z. NET LOSS (1032-1027)	1038		8.516	11.319
683, 685 и 686	Z. INCOME FROM VALUATION OF OTHER ASSETS RECOGNIZED THROUGH INCOME STATEMENT BY FAIR VALUE METHOD	1039			

583, 585 и 586	I. EXPENSES FROM VALUATION OF OTHER ASSETS RECOGNIZED THROUGH INCOME STATEMENT BY FAIR VALUE METHOD	1040		
67	J. OTHER INCOME	1041	63	25
57	K. OTHER EXPENSES	1042		
	L. TOTAL INCOME (1001+1027+1039+1041)	1043	95.402	103.218
	LJ. TOTAL EXPENSES (1013+1032+1040+1042)	1044	86.948	33.660
	M. INCOME FROM OPERATIONS BEFORE TAX(1043-1044) >= 0	1045	8.454	69.558
	H. LOSS FROM OPERATIONS BEFORE TAX((1044-1043) >= 0	1046	0	0
69 - 59	NJ. NET GAINS FROM LIQUIDATED OPERATIONS, EFFECTS OF ACCOUNTING POLICY CHANGES AND PREVIOUS PERIODS ERRORS CORRECTIONS	1047		
59 - 69	O. NET LOSSES FROM LIQUIDATED OPERATIONS, EFFECTS OF ACCOUNTING POLICY CHANGES AND PREVIOUS PERIODS ERRORS CORRECTIONS	1048		10.005
	P. INCOME BEFORE TAX (1045-1046+1047-1048) >= 0	1049	8.454	59.553
	R. LOSS BEFORE TAX (1046-1045+1048-1047) >= 0	1050	0	0
	S. CORPORATE INCOME TAX			
721	I. TAX EXPENSE OF PERIOD	1051	4.454	4.498
722 дуг. салдо	II. DEFERRED TAX EXPENSE OF PERIOD	1052		4.442
722 пот. салдо	III. DEFERRED TAX INCOME OF PERIOD	1053	3.177	
723	T. PAID PERSONAL INCOME TO THE OWNER	1054		
	C. NET INCOME (1049-1050-1051-1052+1053-1054) >= 0	1055	7.177	50.613
	Y. NET LOSS (1050-1049+1051+1052-1053+1054) >= 0	1056		
	I. NET PROFIT BELONGING TO SHARES WITHOUT CONTROL RIGHTS	1057		
	II.NET PROFIT BELONGING TO THE PARENT LEGAL ENTITY	1058		
	III. NET LOSS BELONGING TO STAKES WITHOUT RIGHTS OF CONTROL	1059		
	IV. NET LOSS BELONGING TO THE PARENT LEGAL ENTITY	1060		
	V. EARNINGS PER SHARE			
	1. Basic earnings per share	1061		
	2. Diluted earnings per share	1062		

In Belgrade, 26.10.2023

Legal representative

RECO REAL PROPERTY A.D. Beograd

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31. 2022.**

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

1. General information

RECO REAL PROPERTY CLOSED JOINT STOCK COMPANY BELGRADE (hereinafter: "Company") deals with rental of real estate (basic business activity code-6820). The Company was founded on 25 June 2007 based on the Decision on establishment, as a Closed Joint Stock Company.

Registered address of the Company is Vuka Karadzica 10, Belgrade.

The sole shareholder and founder of the Company since 09 August 2007 had been Eurobank Properties A.E.E.A.P. Greece. On 28 August 2014 at the extraordinary General Assembly of shareholders of Eurobank Properties A.E.E.A.P. a decision was made to change the name in Grivalia Properties joint stock company for investment in real estate.

On 17 May 2019 a merger transaction was made with the acquisition of Shares of Grivalia Properties by Eurobank Ergasias S.A. Athens, Greece, giving Reco Real Property ad a new founder and becomes a member of the Eurobank Group. As the date of recognition of the effects of intercompany transactions on the company's balance sheets defined 01 April 2019. The Shareholders General Assembly adopted a decision about internal re-organization on 31 January 2020, which Eurobank S.A. was established as a legal follower of Eurobank Ergasias S.A.

The Company's identification number is 20302810, and the Company's tax identification number is 105056335.

The Company's shares are not listed at the Belgrade Stock Exchange.

The Company had no employees.

2. Overview of significant accounting policies

The basic accounting policies applied to compile these financial statements are listed below. These policies are consistently applied to all periods shown, unless otherwise indicated.

2.1 Basis of preparation and presentation of financial statements

The Company maintains its records and prepares financial statements in accordance with the Accounting Law of the Republic of Serbia ("Official Gazette of RS" 73/2019, 44/2021) and other applicable legislation in the Republic of Serbia.

For recognition, evaluation, presentation and disclosure of positions in financial statements, the Company applies the International Financial Reporting Standards for Small and Medium-Sized Legal Entities ("IFRS for SMEs") which, in terms of the Law on Accounting, imply the following: International Standard of Financial Reporting for Small and Medium-Sized Legal Entities, approved by the International Accounting Standards Board (IASB), which translation was determined and published by the Ministry of Finance and Economy. Ministry of Finance and Economy adopted a decision no. 401-00-3683/2018-16 of 16. October 2018 which determined a translation of the International Financial Reporting Standards for Small and Medium-Sized Legal Entities (IFRs), that

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

was approved and issued by the International Accounting Standards Board (IASB) in July 2009, with amendments from May 2015. The above-mentioned translation of the IFRS for SMEs has been applied from financial statements as of 31 December 2019.

The accompanying financial statements have been prepared in accordance with the requirements of the Rules on the Chart of Accounts and Contents of Accounts in the Chart of Accounts for companies, cooperatives and entrepreneurs (Official Gazette of the Republic of Serbia No. 89/2020) and the regulations on the content and form of financial statements for companies, cooperatives and entrepreneurs (Official Gazette of the Republic of Serbia No. 89/2020).

The contents and form of financial statements, as well as the contents of the positions presented are not fully compliant with the requirements of Module 3 of the IFRS for SME "Presentation of Financial Statements". In addition, some legal and subordinate regulations in the Republic of Serbia prescribe accounting procedures that in some cases deviate from the IFRS for SME, and by the Accounting Law dinar is determined as the official currency of reporting and presentation of financial statements.

Given the above mentioned, accounting regulations of the Republic of Serbia may deviate from the IFRS request for SME, which may have an impact on the accompanying financial statements, as defined by Module 3 of the IFRS for SME.

Consequently, the accompanying financial statements cannot be considered as financial statements prepared in full compliance with the IFRS for SMEs as defined by the provisions of Module 3 "Presentation of Financial Statements" and do not represent financial statements prepared in accordance with the above-mentioned Financial Reporting Framework.

2.2 Use of estimates and key assumptions

The preparation of financial statements in accordance with IFRS for MSE requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the application of accounting policies. Areas that require a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.3 Change of accounting policy

Upon submitting the financial statements for 2022, the Company's management decided to change the accounting policy for the recognition of rent income in such a way as to exclude harmonization with the projection of the rental value with the consumer price index in the European Union. In this connection, a recalculation was made for the years 2020, 2021 and 2022, which led to significant changes in the items of accrued income and rental income. As a result of the above, the financial statements for 2022 have been amended. The effect of changes for 2020 and 2021 is shown through retained earnings, while the effect for 2022 is shown through the income statement.

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

Also, in this way, the Company has harmonized itself with the group accounting policies regarding the method of accounting assessment for determining the free-rent calculation as well as the method of revenue recognition.

The effects of the changes mentioned above shown in the table below:

- a) Review of the corrections of balance sheet positions due to the change in accounting policy

POSITION	Balance as of 31.12.2022. before changes	Effect of the changes	Balance as of 31.12.2022. after changes	Balance as of 31.12.2021. before changes	Effect of the changes	Balance as of 31.12.2021. after changes	Balance as of 31.12.2020. before changes	Effect of the changes	Balance as of 31.12.2020. After changes
A S S E T									
PERMANENT ASSETS									
Investment property	1.600.245	-	1.600.245	1.653.737	-	1.653.737	1.656.433	-	1.663.253
Long term provisions	90.502	(85.591)	4.911	30.959	(26.437)	4.522	-	6.820	6.820
CURRENT ASSET									
Stock	545	-	545	158	-	158	465	-	465
Receivables from sales	21.686	-	21.686	15.020	-	15.020	15.945	-	15.945
Other short term receivables	49	7.094	7.143	50	1.137	1.187	1.691	684	2.375
Cash and cash equivalents	93.799	-	93.799	221.064	-	221.064	147.260	-	147.260
Short term financial provisions	6.265	(3.019)	3.246	2.869	(1.560)	1.309	13.050	(11.375)	1.675
TOTAL ASSETS	1.813.091	(81.516)	1.731.575	1.923.857	(26.860)	1.896.997	1.834.844	(3.871)	1.830.973
LI A B I L I T I E S									
EQUITY									
Nominal capital	817.470	-	817.470	817.470	-	817.470	817.470	-	817.470
Retained earnings from previous years	649.151	(23.797)	625.354	578.612	(3.871)	574.741	526.794	-	526.794
Retained earnings from current years	58.697	(51.520)	7.177	70.539	(19.926)	50.613	51.818	(3.871)	47.947
TOTAL EQUITY	1.525.318	(75.317)	1.450.001	1.466.621	(23.797)	1.442.824	1.396.082	(3.871)	1.392.211
LIABILITIES									
Long term liabilities	-	-	-	-	-	-	293.951	-	293.951
Deferred tax liabilities	118.234	-	118.234	121.411	-	121.411	116.969	-	116.969
Short term financial liabilities	146.653	-	146.653	293.955	-	293.955	-	-	-
Received advances, deposits and caution money	2.999	-	2.999	3.005	-	3.005	3.005	-	3.005
Liabilities from business operations	2.029	-	2.029	2.166	-	2.166	2.016	-	2.016
Other short term liabilities	7.794	(6.199)	1.595	4.318	(3.063)	1.255	1.716	-	1.716
Short term accrued and deferred income	10.064	-	10.064	32.381	-	32.381	21.105	-	21.105
TOTAL LIABILITIES	287.773	(6.199)	281.574	457.236	(3.063)	454.173	438.762	-	438.762
TOTAL EQUITY AND LIABILITIES	1.813.091	(81.516)	1.731.575	1.923.857	(26.860)	1.896.997	1.834.844	(3.871)	1.830.973

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

- b) Review of the corrections of income statement positions due to the change in accounting policy

POSITION	2022. before changes	Effect of the changes	2022. after changes	2021. before changes	Effect of the changes	2021. after changes
Operating revenue						
Other operating revenue	155.402	(60.611)	94.791	126.560	(23.433)	103.117
Total operating revenue	155.402	(60.611)	94.791	126.560	(23.433)	103.117
Operating expenses						
Cost of material, fuel and energy	485	-	485	496	-	496
Expenses from property value adjustment	53.492	-	53.492	2.696	-	2.696
Cost of production services	543	-	543	1.493	-	1.493
Non-production cost	23.364	-	23.364	17.580	-	17.580
Total operating expenses	77.884	-	77.884	22.265	-	22.265
NET OPERATING INCOME	77.518	(60.611)	16.907	104.295	(23.433)	80.852
Financial income						
Financial income incurred with parent, subsidiaries and other related parties	83	-	83	52	-	52
Currency clause income	465	-	465	24	-	24
Total financial income	548	-	548	76	-	76
Financial loss						
Financial loss from parent companies, subsidiaries and other related parties	8.768	-	8.768	11.325	-	11.325
Interest cost	53	-	53	48	-	48
Negative currency clause	243	-	243	22	-	22
Total financial loss	9.064	-	9.064	11.395	-	11.395
NET LOSS	8.516	-	8.516	11.319	-	11.319
Other income	63	-	63	25	-	25
INCOME FROM OPERATIONS BEFORE TAX	69.065	(60.611)	8.454	93.001	(23.433)	69.558
Net losses from liquidated operations, effects of accounting policy changes and previous periods errors corrections	-	-	-	10.005	-	10.005
INCOME BEFORE TAX	69.065	(60.611)	8.454	82.996	(23.443)	59.553
Tax expense of period	13.545	(9.091)	4.454	8.015	(3.517)	4.498
Deferred tax expense of period	-	-	-	4.442	-	4.442
Deferred tax income of period	3.177	-	3.177	-	-	-
NET INCOME	58.697	(51.520)	7.177	70.539	(19.926)	50.613

2.4 The principle of going concern

Financial statements have been prepared in accordance with the going concern concept, which assumes that the Company will continue to operate for the foreseeable future.

The company achieved a net profit in the amount of RSD 7.177 for the year ending on December 31, 2022, the Company's short-term liabilities exceed short-term assets in the amount of RSD 36.921 thousand.

The company relies exclusively on sources of financing from related parties.

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

On the basis of the Loan Agreement concluded on November 30, 2017 between the founders of Eurobank Ergasias SA as the lender and the Company as the borrower, a loan was approved in the amount of EUR 2,500 thousand, which as of December 31, 2022 amounts to RSD 146,653 thousand. The loan was approved for a period of five years and was withdrawn in one tranche on December 12, 2017. Obligations based on this loan are due on November 30, 2022, and as of the date of these financial statements, a new annex to the loan agreement has not been signed, which will extend the maturity date and define new loan repayment conditions.

The shareholder who is also the lender provided a Letter of support to the Company confirming the current policy of providing continuous financial support to the Company. In this regard, there is no intention to request repayment of the remaining debts, unless the Company has sufficient liquid assets for debt repayment. Also, in the Letter of support, the shareholder expresses his intention to support the Company's operations in the foreseeable future, and at least for a period of 12 months from the date of signing the Company's financial statements

The Company's management believes that these circumstances do not indicate the existence of material uncertainty that may cause significant doubt about the Company's ability to continue operating in accordance with the principle of going concern.

2.5 Accounting basis

Financial statements have been prepared based on the principles of historical cost except for investment properties where the basis for measuring is fair value.

2.6 Comparative data

The accounting policies and estimates concerning the recognition and evaluation of assets and liabilities used in preparing these financial statements are consistent with the accounting policies and estimates implemented in preparing the Company's annual financial statements for 2021, except for Notes 2.3 that refers to correction of financial statements due to accounting policy changes.

2.6 Recalculating foreign currency amounts

(a) Functional and presentation currency

The items included in the financial statements of the Company are measured and presented in Serbian dinar ("RSD") as RSD is functional currency of the Company.

The applied exchange rates on the balance sheet are as follows:

Currency	31 December 2022.	31 December 2021.
EUR	117,3224	117,5821

(b) Transactions and financial positions

Transactions in foreign currency are translated into a functional currency using the exchange rates prevailing at the transaction date or on the day of valuation if the items are measured again. Positive and negative exchange rate differences from the executed payments and collections in foreign currencies during the year, as well as exchange

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

differences arising from the translation of assets and liabilities denominated in foreign currencies at the balance sheet date, are reported in the income statement.

2.8 Investment properties

An investment property is a property held for rent earnings or to increase capital, or both, and is not used by the Company.

After initial recognition by purchase value, investment properties which fair value can be reliably measured, without excessive costs on a continuous basis, are measured according to the fair value model on each reporting date with changes in fair value recognized in profit or loss. Fair value is derived from current comparable market prices determined annually by external valuator. Valuators use active prices on the market adjusted, if necessary, for any change in the nature, location or state of a specific asset.

Maintenance and repair costs have been booked into income statement in period in which they derive from.

2.9 Cash and cash equivalents

Cash and cash equivalents are recognized in nominal amounts and include assets in dinar and foreign currency current bank accounts.

2.10 Capital

Capital includes share capital and undistributed profit in current and previous years. Ordinary shares are classified as capital when there is no obligation to pay in money or funds. Additional external costs which arise from the emission of new shares or options have been shown in capital as deduction, without tax.

2.11 Financial liabilities

Financial obligations are loan obligations to associated entities, loan obligations to the parent companies, as well as obligations to suppliers and other liabilities from the business, and are initially recognized at fair value, without the incurred transaction costs. In subsequent periods, loan liabilities are measured at the nominal value of the remaining debt; all differences between the realized inflow (minus transaction costs) and the number of repayments is recognized in the income statement during the period of use of the loan using the nominal interest rate method.

2.12 Provisions

All provisions are measured on the day of the balance sheet preparing and reconciled to reflect the current best assessment of the Company's management.

2.12 Current and Deferred Income Tax

Current income tax is calculated on the balance sheet date using the effective tax regulations of the Republic of Serbia where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

Considering that the management of the Company changed the accounting policy (note 2.3), after the recalculation, there was a change in the taxable profit for the previous period, i.e. for the years 2020, 2021 and 2022, which led the management of the Company to the decision to change the Corporate income tax returns for the above mentioned period.

Income tax of 15% (2021: 15%) is paid based on the annual profit reported in the Tax Return. Accounting profit, in order to obtain the amount of taxable profit, is adjusted for certain permanent differences and reduced for certain investments during the year. The Company calculated the tax effects based on Corporate Income Tax Law. On the basis of the completed transfer pricing study, it was concluded that the prices applied by the Company in intercompany transactions in the tax year 2022 were in accordance with the arm's length principle, and therefore, on that basis, it is not necessary to correct the tax base for 2022.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset has been realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.14 Revenue recognition

Revenue relates to the fair value of the remuneration received or receivable for the sale of goods and services in the ordinary course of the Company's. Income is shown net of VAT, or any other discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as describe below. The amount of the revenue is not considered to be reliably measurable until all contingences relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Rental income

The Company deals with the issuance of investment properties and on this basis generates business income, i.e., rent. Rental income is based on contracts with tenants with a fixed price for leased space. Rental income is recognized on a proportional basis for the duration of the lease.

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

b) Interest income

Interest income is recognized by applying the effective interest rate method. In the event of a reduction in the value of receivables, the Company reduces the book value of the receivables to the reimbursement amount, which represents future cash flow discounted at the initially effective interest rate of the financial instrument and continues to show discount changes as interest income.

3. Information on key estimates of uncertainty and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events.

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

3.1 Fair value of investment properties

Fair value of investment properties derived from current market prices of comparable real estate. Fair value is based on a valuation made by an independent appraiser who has a recognized and relevant appraiser's license - the appraiser Pepper Hellas Asset Management of Greece.

The best proof of fair value is the current price in the active market for a similar property or lease. In the absence of such information, the Company determines the amount at the level of the valuation of reasonable fair value. It is a valid practice of the Company to use the services of external valuers for this purpose, when the market in which it operates shows, signs indicating a change in fair value.

Valuations of fair value of external valuers are based on:

1. Current price in the active market for properties of different natures, conditions and locations tailored to show differences.
2. The recent price for a similar property in a less active market, adjusted to reflect changes in economic conditions from the day of the transaction at that price.
3. Projections of discounted cash flow based on a reliable assessment of future cash flows derived from the terms of existing leases or contracts and (where possible) from external records such as current market leases for similar properties in a similar location and in a similar state, and by using a discounted rate that reflects the current market assessment of uncertainty in the amount and time of the cash flow.

The Company conducts a valuation of the fair value of investment properties at the end of each reporting period.

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

3.2 Deferred tax assets and liabilities

The Company, in accordance with accounting regulations applicable in the Republic of Serbia, has an obligation to present deferred taxes that are determined through the difference between the accounting base of the assets and the tax base of the assets. A substantial assessment by management is necessary to determine the amount of deferred tax assets and liabilities that can be recognized, based on the period of creation and the amount of future taxable gains and tax policy planning strategies.

4. Cash equivalents and cash

	31.12.2022	31.12.2021
Current account RSD – Eurobank Direktna a.d. Beograd	29.693	37.338
Foreign currency account EUR – Eurobank Direktna a.d. Beograd	64.106	183.726
Total (note 15)	93.799	221.064

5. Trade and other receivables

	31.12.2022.	31.12.2021
Trade receivables – domestic customers	21.686	15.020
Other receivables (property tax, corporate income tax)	7.143	1.187
Total	28.829	16.207

6. Investment properties

	31.12.2022.	31.12.2021
Beginning accounting value	1.653.737	1.656.433
Fair value adjustment – net loss based on valuation (note 13)	(53.492)	(2.696)
Closing accounting value	1.600.245	1.653.737

Investment properties relate to:

1) Business premises located on Terazije 7-9, Belgrade, Republic of Serbia, registered on cadastral parcel no. 2814, cadastral municipality Stari Grad, total surface 5.720 m2.

On 31 December 2021, a valuation was performed by the appraiser Pepper Hellas Asset Management. The estimated market value of the property was EUR 12.991 thousand (RSD 1.527.537 thousand per exchange rate as of December 31, 2021). On 31 December 2022, a new estimate of the value of the property was made by the same company, at which the market value of the property was EUR 12.596 thousand (RSD 1.477.850 thousand per exchange rate as of December 31, 2022).

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

2) Business building in Nis, Obrenovic street 33, registered in land register for cadastral municipality of Niš-Bubanj, on cadastral parcel no. 1165, parcel 3957 (land registry certificate number 3089, ZK body II existing on parcel 2922), total surface 653 m2.

On 31 December 2021, the valuator Pepper Hellas Asset Management performed the assessment. The estimated market value was EUR 1.073 thousand (RSD 126.200 thousand per exchange rate as of December 31, 2021). On 31 December 2021, a new assessment was made by the same appraiser's house, at which the market value was EUR 1.043 thousand (RSD 122.395 thousand per exchange rate as of December 31, 2022).

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

7. Prepayments and accrued income

Prepayments and accrued income (AVR) as of December 31, 2022, amount to RSD 5.124 thousand (December 31, 2021: RSD 4.718 thousand) and represent the effect of the rent free months.

The long-term component of AVR on December 31, 2022 amounts to RSD 4.911 thousand (December 31, 2021: RSD 4.522 thousand), while the short-term component of AVR on the same day amounts to RSD 213 thousand (December 31, 2021: RSD 196 thousand).

8. Capital

	Capital	Undistributed profits	Total
Balance 01.01.2021.	817.470	574.741	1.392.211
Profit for the year	-	50.613	50.613
Balance 31.12.2021.	817.470	625.354	1.442.824
Balance 01.01.2022.	817.470	625.354	1.442.824
Profit for the year	-	7.177	7.177
Balance 31.12.2022.	817.470	632.531	1.450.001

The Company's registered and paid capital is:

- Monetary EUR 11.095,27, which at the middle exchange rate on the day of payment is RSD 906 thousand,
- Non-monetary EUR 10.000.000,00 or RSD 816.564.000.00 which consists of the right of ownership of the building located in Terazije 7-9, Belgrade, Republic of Serbia, and the right of use the land that serves the regular use of the building, registered on cadastral parcel number 2814, cadastral municipality Stari Grad. The building has a total surface of 5.720 m2, and the land that serves regular use of the building 2.052 m2.

In accordance with the founder's decision there were no dividend payments for 2021 and 2022.

9. Short-term liabilities

	31.12.2022.	31.12.2021
Shareholder loan	146.653	293.955
Trade payables – domestic and foreign suppliers	2.029	2.166
Liabilities for received deposit	2.999	3.005
Liabilities for VAT and other public revenue	1.595	1.255
Accrued expenses	10.064	32.381
Total	163.340	332.762

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

(All amounts are expressed in 000 RSD, unless otherwise stated)

Based on Loan agreement concluded on November 30, 2017, a loan in the amount of EUR 2.500.000 was approved between the founder of Eurobank Ergasias SA (formerly Grivalia Properties REIC) as a lender and the Company as a borrower. The loan has been approved for a period of five years and was withdrawn in one tranche. Interest is paid every three months from the date of withdrawal of the loan, that is, every 12th March 12th June, 12th September and 12th December.

The interest rate for each interest period is a percentage of annual rate that is the sum of the applicable quarterly EURIBOR and the margin of 3.8% yearly. Principal is due in full amount after the expiration of 5 years from the date of the loan utilization.

In May 2022, the company repaid part of the principal amount of the loan approved by Eurobank S.A. (Greece) in the amount of EUR 1,250 thousand. Together with the repayment of the principal, the interest due until March 13, 2022 in the amount of EUR 265 thousand were also paid.

Due to the lack of the funds for the full repayment of the loan, and in order to support the shareholder as a lender of the Company's liquidity, the shareholder did not request repayment of the loan in accordance with the contract.

As of the date of those financial statements, no new annex to the loan agreement was signed, which would extend the maturity date and define the new loan repayment conditions.

Accrued expenses in the amount of RSD 10.064 thousand (31.12.2021: RSD 32.381 thousand) mainly refer to calculated overdue interest on the shareholder's loan agreement, as well as the costs incurred in 2022. (i.e., 2021.) for which there were no invoices issued until the end of the year, such as the cost of preparing of financial statements, the cost of preparing a transfer prices study and audit costs.

10. Other operating income

Other operating income in the amount of RSD 94.791 thousand (2021: RSD 103.117 thousand) relates to rental income generated under the following contracts:

a) Real estate lease agreement with Eurobank a.d. Belgrade:

The contract has been in force since 1 October 2012 and refers to the lease of business premises at 7-9 Terazije Street in Belgrade. The contract was concluded on the period of 40 years with a review of the agreed terms after 10 years from the beginning of the contract, i.e. after that deadline every 5 years. Revenue based on this contract is RSD 34.660 thousand (2021: 40.071 thousand).

b) Real estate lease agreement with Eurobank a.d. Belgrade:

The contract has been in force since 1 March 2012., and refers to the building at 33 Obrenovic street in Nis. The duration of this contract is limited to 40 years. Revenue based on this contract is RSD 11.825 thousand (2021: 12.063 thousand).

c) Real estate lease agreement with SUPER VOK d.o.o.. Belgrade:

The subject of the contract is the lease of the business premises at 7-9 Terazije Street, Belgrade. The contract has been in force since 15 May 2018. The duration of this contract is limited to 122 months. Revenue based on this contract is RSD 11.190 thousand (2021: 13.797 thousand).

Reco Real Property AD, Beograd**Notes to financial statements ended december 31.2022.***(All amounts are expressed in 000 RSD, unless otherwise stated)*

d) Real estate lease agreement with Company I & F Group d.o.o. Belgrade:

The subject of the contract is the lease of business premises at 7-9 Terazije Street, Belgrade. The contract has been in force since 01 November 2019. The duration of the lease is set for 3 years, i.e., up to 01. November 2022. After the expiration of the lease, an annex to the lease agreement was concluded, according to which the duration of the agreement is extended to the next 3 years, i.e. to the period until November 1, 2025. Revenue based on this contract is RSD 37.116 thousand (2021: 37.186 thousand).

11. Operating expenses

Analysis of the operating expenses is as follows:

	2022.	2021
Fuel and energy costs	485	496
Production expenses	543	1.493
Non-production costs	23.364	17.580
Total	24.392	19.569

Non-production costs in the amount of RSD 23.364 thousand (2021: RSD 17.580 thousand) are mostly related to property taxes in the amount of RSD 8.707 thousand (2021: RSD 8.568 thousand), accounting services in the amount of RSD 3.982 thousand (2021: RSD 4.266 thousand), insurance costs in the amount of RSD 1.182 thousand (2021: RSD 1.054 thousand), while the amount of RSD 9.493 thousand (2021: RSD 3.692 thousand) relates to consulting expenses, legal services costs, audit costs, withholding tax costs and other expenses.

12. Financial income and expenses

	2022.	2021
Financial expenses:		
Interest expenses related to financial liabilities –related parties (note 15)	(8.768)	(11.325)
Interest expenses-third parties	(53)	(48)
Foreign exchange losses	(243)	(22)
Total financial expenses	(9.064)	(11.395)
Financial income:		
Interest income – related parties	83	52
Foreign exchange gains	465	24
Total financial income	548	76
Net financial expenses	(8.516)	(11.319)

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

*(All amounts are expressed in 000 RSD, unless otherwise stated)***13. Other income and expenses**

	2022.	2021
Other income (rounding's)	63	25
Expense from fair value adjustment (note 6)	(53.492)	(2.696)
Expenses based on correction of errors from previous periods	-	10.005
Total other income and expenses	(53.429)	(12.676)

14. Income tax

	2022.	2021
Current income tax	4.454	4.498
Deferred tax expense for the period	-	4.442
Deferred income tax for the period	(3.177)	-
Total income tax	1.277	8.940

During the year, the Company paid income tax in advance in the amount of RSD 8.015 thousand. The draft tax balance sheet defined that income tax liability for 2022 is RSD 4.454 thousand. Taking into account the correction of the tax balance sheets for 2020 and 2021, the total reported income tax prepayment as of December 31, 2022 is RSD 7.094 thousand.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Company's profits as follows:

	2022	2021
Profit before tax	8.454	59.553
Tax calculated at statutory tax rate – 15%	1.268	8.933
Expenses not deductible for the tax purposes	8.031	412
The difference between the tax and accounting depreciation	(4.846)	(4.846)
Deferred tax effect	(3.177)	4.442
Tax charge	1.276	8.941
The weighted average applicable tax rate	15,1%	15,0%

The Company was on 31 December 2022 expressed deferred tax liabilities in the amount of RSD 118.234 thousand (2021: RSD 121.411 thousand) based on the temporary difference between the net value of investment properties in financial statements and their value recognized for tax purposes.

Reco Real Property AD, Beograd**Notes to financial statements ended december 31.2022.***(All amounts are expressed in 000 RSD, unless otherwise stated)*

	Difference in the net value of investment property
Deferred tax liability as of 01 january 2022	121.411
Directly to the income statement (deferred income tax for the period)	(3.177)
The balance as of 31 december 2022	118.234

Reco Real Property AD, Beograd

Notes to financial statements ended december 31.2022.

*(All amounts are expressed in 000 RSD, unless otherwise stated)***15. Transactions with related parties**

During preparing financial statements, legal entities are treated as related parties if one legal entity has the ability to control another legal entity or performs a significant influence on the financial and operational decisions of another person. When considering all possible types of relationships between related legal entities, attention is focused on the essence of the relationship, not just the legal form.

During the year, the Company performed transactions with related parties, as well as with its founder, i.e., parent company.

An overview of the revenues and expenses generated from relations with related parties, as well as with the parent company, is given in the following table:

	2022		2021	
	Income	Expenses	Income	Expenses
Related parties				
Eurobank Direktna a.d. Beograd	46.568	321	52.186	261
Total	46.568	321	52.186	261
Parent company				
Eurobank S.A. (note 12)	-	8.768	-	11.325
Total	-	8.768	-	11.325

Eurobank Direktna a.d. Belgrade charges commission services for account management and commission costs on financial transactions. Also, the expenses include the rental costs paid toward Eurobank Direktna a.d. for the registered headquarters in Vuk Karadzic 10, while the income includes rent from the issuance of properties in Belgrade and Nis in the amount of RSD 46.485 thousand (2021: RSD 52.134 thousand), as well as interest income cash deposits in the amount of RSD 83 thousand (2021: RSD 52 thousand).

The expenses from Eurobank S.A. refers to interest expenses in accordance with loan agreement.

The table below shows the receivables and liabilities derived from the above transactions:

Related parties	31.12.2022.		31.12.2021.	
	Assets	Liabilities	Assets	Liabilities
Eurobank Direktna a.d. Beograd (note 4)	93.799	-	221.064	-
Total	93.799	-	221.064	-
Parent company				

Reco Real Property AD, Beograd**Notes to financial statements ended december 31.2022.**

(All amounts are expressed in 000 RSD, unless otherwise stated)

Eurobank S.A.	-	153.214	-	322.904
Total	-	153.214	-	322.904

Management compensations

The key leadership are members of the Supervisory Board. The legal representative and the members of the Supervisory Board perform their duties in the Company without compensation. During the 2021 and 2022, there were no compensation paid to the board members or legal representative.

16. Reconciliation of receivables and liabilities

The Company has performed reconciliation of receivables and payables as of 31 December 2022. The amounts unreconciled receivables and payables are immaterial.

17. Contingencies

During its regular operations, the Company is not involved in court proceedings or arbitration against the Company. Based on the Management's assessment, for the period ending December 2022., there are no such contingent obligations that the Company expects to be material.

18. Events after the balance sheet date

There were no material events after the balance sheet date, which could have impact to the Company's financial position and the results of its operations as of December 31st, 2022.

In Belgrade,
Date, 26. October 2023.

Legal representative

Vladimir Tofoski