PHOENIX SPREE

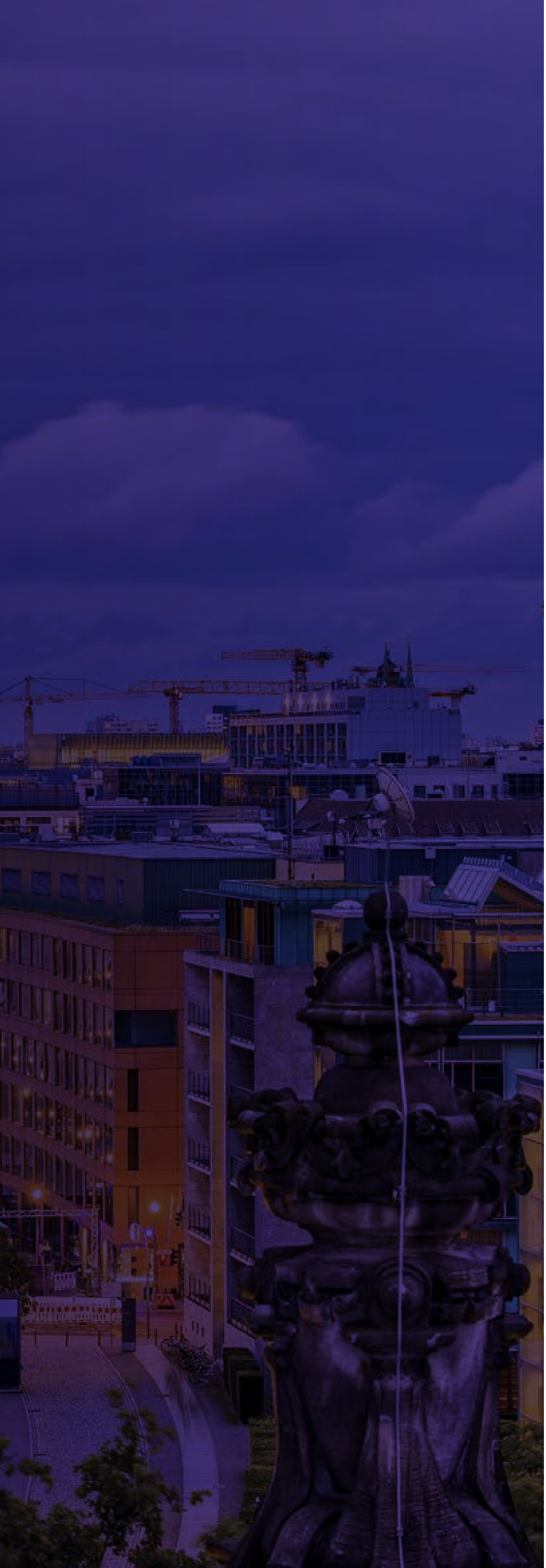
Better Futures

Phoenix Spree Interim Report 2022

QSIX

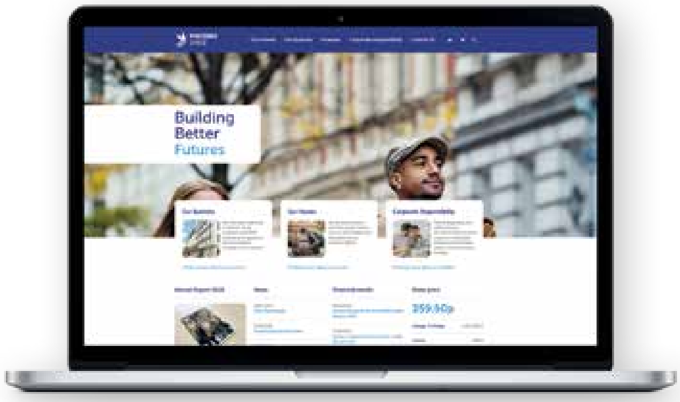
Phoenix Spree Deutschland Limited ('PSD') is an Investment Company founded in 2007 and listed on the London Stock Exchange. It is a long-term investor in Berlin rental property, committed to improving the quality of accommodation for its customers.

QSix has acted as the Property Advisor since the Company's inception. It has an experienced team of property professionals with long-standing experience of the German residential property market.



Business Review

Financial Statements



Half-Year Financial Summary

Gross rental income (million)
(Six months to June 2022)

€13.0

Growth 0.8%

HY2022	13.0
HY2021	12.9

Profit before tax (million)
(Six months to June 2022)

€17.0

Growth (16.7%)

HY2022	17.0
HY2021	20.4

Dividend per share (£ pence)[1]
(Six months to June 2022)

(2.09p)

HY2022	2.09
HY2021	2.02

Portfolio valuation (million)[2]
(Six months to June 2022)

€820.1

Growth 2.3%

HY2022	820.1
2021	801.5

EPRA NTA per share
(Six months to June 2022)

€5.72

Growth 1.2%

HY2022	5.72
2021	5.65

EPRA NTA per share[3]
(Six months to June 2022)

£4.92

Growth 3.8%

HY2022	4.92
2021	4.74

EPRA NTA per share total return
(Six months to June 2022)

€2.2%

HY2022	2.2
HY2021	3.6

Net LTV[4]
(Six months to June 2022)

36.0%

HY2022	36.0
2021	34.7

Portfolio valuation per sqm
(Six months to June 2022)

€4,318

Growth 2.2%

HY2022	4,318
2021	4,225

Annual like-for-like rent per sqm growth
(Six months to June 2022)

3.7%

HY2022	3.7
HY2021	4.6

EPRA Vacancy
(Six months to June 2022)

2.5%

HY2022	2.5
2021	3.1

Condominium sales notarised (million)
(Six months to June 2022)

€3.0

Growth (30.2%)

HY2022	3.0
HY2021	4.3

1 GBP:EUR FX rate locked in at 1:1.124 as at 28 September 2022.
2 Portfolio valuation includes investment properties under construction.
3 GBP:EUR FX rate 1:1.162 as at 30 June 2022.
4 Net LTV uses nominal loan balances as per note 17 rather than the loan balance on the Consolidated Statement of Financial Position which consider Capitalised Finance Arrangement Fees in the balance.

> "The first six months of the financial year were characterised by significant market disruption caused by the combined effects of global inflationary pressures, rising interest rates and the ongoing conflict in Ukraine. Against this backdrop, it is pleasing that the Portfolio was able to deliver further valuation gains during the first half of the financial year."

Robert Hingley
Chairman

Further increase in rental and portfolio values during H1 2022

- EPRA NTA per share up 1.2 per cent in H1 2022 to €5.72; EPRA NTA per share total return of 2.2 per cent.
- Including investment properties under construction worth €7.7million, the Portfolio was valued at €820.1million, a 2.3 per cent increase versus 31 December 2021.
- Like-for-like Portfolio value, adjusted for acquisitions and disposals, increased by 2.2 per cent in H1 2022.
- Like-for-like rental income per sqm increased by 3.7 per cent versus prior year, down from 4.6 per cent in H1 2021, mainly reflecting re-letting mix effects, which have subsequently normalised.

Strong Balance Sheet, completion of new loan facility and refinancing

- Net LTV remains conservative at 36.0 per cent (31 December 2021: 34.7 per cent).
- New €60million loan facility agreed with Natixis and announced on 25 January 2022.
- Successful refinancing of €49.7million of Berliner Sparkasse debt, with €13.7million of cash released at 28 September 2022.
- Company's interest rate hedging policy has seen cash borrowing costs decline, despite rising long term rates.
- Company's first loan maturity is not due until September 2026.

Continued strong demand for Berlin residential rental property

- 148 new leases in Berlin signed during H1 2022 at an average rent of €13.2 per sqm and 33.7 per cent premium to passing rents.
- €6.2million invested across the Portfolio (30 June 2021: €2.7million), continuing to improve the quality of accommodation for tenants and supporting reversionary rental strategy.
- EPRA vacancy of 2.5 per cent remains at historically low level, reflecting ongoing structural undersupply of available rental property.
- All furnished apartments made available for refugees impacted by the Ukraine crisis for a rent-free period have now been fully let.

Actively managing the Portfolio

- Forward purchase in H1 of 17 new-build, semi-detached, residential properties (34 houses) for a total agreed purchase price of €18.5million, four multi-family houses consisting of 24 residential units for a purchase price of €6.3million.
- Post-period end, acquisition of 25 residential units for a purchase price of €4.9million.
- All acquisitions fully financed using Natixis acquisition facility.
- Since period-end, contracts notarised to sell two non-core properties for an aggregate consideration of €8.6million.

Condominium sales at a premium to book value

- Condominium sales notarised during H1 2022 of €3.0million, (H1 2021 €4.3million).
- Average achieved value per sqm of €5,257 for residential units, a gross premium of 19.2 per cent to the 31 December 2021 book value of each property.
- 75.8 per cent of Portfolio assets legally split into condominiums as at 30 June 2022.
- Sales slowdown reflects increases in the cost of living, higher borrowing costs and economic uncertainty.

Further value delivered through share buy-backs and dividend

- Unchanged interim dividend of €2.35 cents per share.
- During the half year ended 30 June 2022, the Company bought back a further 930,509 ordinary shares, representing 0.9 per cent of the ordinary shares in issue, for a total consideration of £3.3million.
- Since share buybacks commenced in 2019, including the interim dividend for 2022 and bought-back shares held in treasury, €63.4million has been returned to shareholders.

Outlook

- Supply-demand imbalances within the Berlin PRS provide support to rental values:
  - Rising cost of home ownership forcing potential buyers to remain within the rental system for longer.
  - Urban housing shortage further exacerbated by anticipated net inward migration of almost one million from Ukraine to Germany.
  - Rising cost of construction further limiting new-build completions.
- Reversionary potential within Portfolio underpins future rental growth:
  - New letting rental values expected to remain at a significant premium to average in-place rents across the Portfolio.
- Disposals and balance sheet:
  - The Company will continue to review its portfolio of assets to ascertain the potential for disposals of condominiums and other buildings that are deemed to be non-core.
  - The Board considers the current level of gearing and cash balances to be appropriate at this stage in the real estate cycle and does not intend to materially increase debt levels until such time as the market outlook becomes more stable.
  - The Company will continue to keep its cash commitments under close review, and will prioritise continued investment in the existing Portfolio, where appropriate, and dividend payments to shareholders.
  - To the extent that the Board considers it prudent to do so, any excess proceeds from disposals will be made available for share buybacks.

Chairman's Statement

"I am pleased to report that, during the first half of the financial year, PSD has delivered further increases in property and rental values."

Robert Hingley
Chairman

As at 30 June 2022, the Portfolio, excluding investment property under construction, was valued at €812.4million by Jones Lang LaSalle GmbH, a like-for-like increase of 2.2 per cent since 31 December 2021. The Euro EPRA NTA total return per share stood at 2.2 per cent with the sterling return at 4.8 per cent.

The Board is pleased to declare an unchanged interim dividend of 2.35 cents per share (2.09 pence per share) for the first half of the year (six months to 30 June 2021: 2.35 cents, 2.02 pence). The dividend is expected to be paid on or around 28 October 2022 to shareholders on the register at the close of business on 7 October 2022, with an ex-dividend date of 6 October 2022.

Working with our tenants

At times of economic stress, it is even more important that we work closely with our tenants, just as we did during the dual challenges presented by the COVID-19 pandemic and the Mietendeckel. Now, with inflationary pressures and a rising cost of living impacting most European economies, the health and wellbeing of our tenants remains foremost in our minds.

Our thoughts remain with those impacted by war in Ukraine. In response to the humanitarian crisis the war has caused, PSD has made available a number of furnished apartments on a rent-free basis for refugees and I am pleased to report that these have now been fully let. We will continue to work constructively with those in greatest need wherever we can.

Investing in our tenanted accommodation

Following the removal of the Mietendeckel, which specified rent levels well below free market levels, the Company resumed its programme of investment to improve the overall standard of our tenanted accommodation. During the first half of the financial year 48.1 per cent of the Company's gross revenues were reinvested into the Portfolio and it is anticipated that this high level of investment will continue.

Protecting our environment

The Board recognises that the nature of our business has environmental and social impacts and that we have a responsibility to consider and minimise these impacts, where possible. As a member of EPRA, we want to contribute to greater transparency in reporting. To this end, we have strengthened our commitment to delivering against our environmental and social impacts by introducing EPRA's Sustainability Best Practices Recommendations and capturing our ESG measurements within their framework.

I am therefore delighted to report that this commitment has been recognised in the EPRA Sustainability Awards 2022, with PSD receiving a Gold award in recognition of the Company's commitment to best practice in its reporting. This recognition further encourages us to continue to approach the future in a consistent, ethical, safe and environmentally friendly way.

Our charitable initiatives

The Company has continued with its programme of financial support to two Berlin focussed charities, The Intercultural Initiative and Laughing Hearts. The Intercultural Initiative is a Berlin refuge that helps women and children affected by domestic violence. Laughing Hearts supports children living in children's homes and social care.

QSix, our Property Advisor, has also continued to support two charities in London, SPEAR and SHP, both working with homeless people. Funding is given to SPEAR to run an outreach service, providing accommodation to rough sleepers and helping with their health and wider social care problems. SHP supports an employability programme that assists homeless people or those at high risk of becoming homeless with finding a job and securing a sustainable income.

Our Board

We are all deeply saddened by the recent death of Greg Branch, and I would like to reiterate our sincere thanks for his exemplary service during his time in office. Greg had served on the Company Board since 2020, bringing a wealth of experience from a distinguished career spanning over 30 years in the financial services and real estate sectors. He will be sorely missed as a colleague and friend to the current and previous Directors of the Company, investment professionals at QSix, and by those in the wider business community who were privileged to work with him.

As previously announced, Isabel Robins joined the Board of PSD as a non-executive Director with effect from 14 March 2022. Mrs Robins has over 23 years experience of complex offshore real estate structures, encompassing a broad range of property funds, investments, and developments. Her real estate experience and insight will add a valuable perspective to complement and enhance the skill set of the Board. Mrs Robins replaces Monique O'Keefe, who stepped down as a Senior Independent Director to take up a senior executive position at another company.

The Board is in the process of commissioning a search for a new Non-Executive Director.

Disposals and balance sheet

With its strong balance sheet and conservative debt financing, PSD is well positioned to withstand more challenging economic and financial market conditions. Demographic trends within the Berlin market remain positive and will continue to support future rental values. This, combined with a high level of investment into our buildings, underpins the future reversionary potential that exists within the Portfolio.

The Company recognises that PSD's share price remains at a material discount to EPRA NTA and, since the commencement of the Company's share buyback programme in October 2019, 8.9 per cent of ordinary shares in issue have been repurchased. The Board considers the current level of gearing and cash balances to be appropriate at this stage in the real estate cycle and will not look to increase debt levels until such time as the market outlook becomes more stable. The Company will continue to keep its cash commitments under close review, and will prioritise continued investment in the existing Portfolio, where appropriate, and dividend payments to shareholders. To the extent that the Board considers it prudent to do so, any excess proceeds from disposals will be made available for share buybacks.

Robert Hingley
Chairman
28 September 2022

EPRA Sustainability Awards 2022

"We are all deeply saddened by the recent death of Greg Branch, and I would like to reiterate our sincere thanks for his exemplary service during his time in office."

Robert Hingley
Chairman

Report of the Property Advisor

Revenue for the six-month period was €13.0million (six months to 30 June 2021: €12.9million). Profit before taxation was €17.0million (six months to 30 June 2021: €20.4million), the principal component of which was a revaluation gain of €11.4million (30 June 2021: €16.0million).

Reported earnings per share for the period were 15 cents (six months to 30 June 2021: 17 cents).

Reported EPRA NTA per share rose by 1.2 per cent in the first half of 2022 to €5.72 (£4.92) (31 December 2021: €5.65 (£4.74)). After taking into account the 2021 final dividend of 5.15 cents (4.36 pence), which was paid in June 2022, the € EPRA NTA total return in the first half of 2022 was 2.2 per cent (H1 2021: 3.6 per cent). The £ EPRA NTA total return for the same period was 4.8 per cent, reflecting the weakening of the £ against the € in the first six months of the year.

Like-for-like portfolio value increase of 2.2 per cent

Pricing in the Berlin residential property market has remained broadly stable in the first half of the financial year. The second half to date has seen a material deterioration in buyer sentiment and, consequently, transaction volumes. With financial markets experiencing record volatility, the outlook for the German property market in the second half is uncertain.

As at 30 June 2022, the Portfolio, including investment properties under construction, was valued at €820.1million (31 December 2021: €801.5million). This represents a 2.3 per cent increase over the six-month period. On a like-for-like basis, excluding the impact of acquisitions and disposals, the Portfolio value increased by 2.2 per cent during the first half of the financial year and 6.0 per cent versus the first half of the prior year. This reflects an increase in rental values, improvements in the micro locations of certain Portfolio assets, investments in the Brandenburg asset and completion of the condominium splitting process in one building.

The valuation represents an average value per square metre of €4,318 (31 December 2021: €4,225), at a gross fully occupied yield of 2.8 per cent (31 December 2021: 2.8 per cent). Included within the Portfolio valuation are six properties valued as condominiums, with an aggregate value of €32.8million (31 December 2021: eight properties, aggregate value €38.8million).

Like-for-like rental income per square metre growth of 3.7 per cent

After considering the impact of acquisitions and disposals, like-for-like rental income per square metre grew 3.7 per cent compared with 30 June 2021. Gross in-place rent was €9.8 per sqm as at 30 June 2022, an increase of 3.5 per cent compared with 30 June 2021 and an increase of 1.9 per cent on 31 December 2021.

EPRA vacancy remains at historically low levels

Reported vacancy as at 30 June 2022 was 7.0 per cent (30 June 2021: 7.7 per cent). On an EPRA basis, which adjusts for units undergoing development and made available for sale, the vacancy rate was 2.5 per cent (30 June 2021: 1.3 per cent). The rise in vacancy was due to an increased number of newly modernised apartments

Financial highlights for the six-month period to 30 June 2022

€ million (unless otherwise stated)	**6 months to 30-Jun-22**	6 months to 30-Jun-21	Year to 31-Dec-21	Year to 31-Dec-20
Gross rental income	**13.0**	12.9	25.8	23.9
Investment property fair value gain	**11.4**	16.0	38.0	41.5
Profit before tax (PBT)	**17.0**	20.4	45.3	37.9
EPS (€)	**0.15**	0.17	0.39	0.31
Investment property value	**820.1**	777.7	801.5	768.3
Net debt[1]	**295.6**	261.8	278.0	254.4
Net LTV (per cent)[1]	**36.0**	33.7	34.7	33.1
IFRS NAV per share (€)	**4.84**	4.54	4.74	4.48
IFRS NAV per share (£)[2]	**4.17**	3.90	3.98	4.04
EPRA NTA per share (€)	**5.72**	5.42	5.65	5.28
EPRA NTA per share (£)[2]	**4.92**	4.66	4.74	4.76
Dividend per share (€ cents)	**2.35**	2.35	7.5	7.5
Dividend per share (£ pence)[3]	**2.09**	2.02	6.27	6.75
EPRA NTA per share total return for period (€ per cent)	**2.2**	3.6	8.4	8.8
EPRA NTA per share total return for period (£ per cent)	**4.8**	(1.1)	1.0	16.0

1 Net LTV and net debt uses nominal loan balances as per note 17 rather than the loan balances on the Consolidated Statement of Financial Position which consider Capitalised Finance Arrangement Fees in the balance as per IAS 23.
2 GBP:EUR FX rate 1:1.162 as at 30 June 2022
3 GBP:EUR FX rate locked in at 1:1.124 as at 28 September 2022.

being made available for rental following the removal of the Mietendeckel. Notwithstanding this increase, EPRA vacancy remains low from a historical perspective and is likely to remain so given the ongoing supply demand imbalance for rental property in Berlin.

Berlin reversionary re-letting premium of 33.7 per cent

During the six months to 30 June 2022, 174 new leases were signed, representing a letting rate of approximately 7.3 per cent of occupied units. The average rent achieved on all new lettings was €12.7 per sqm, an 8.5 per cent increase on the prior year, and an average premium of 28.4 per cent to passing rents. This compares to a 23.5 per cent premium in the six month period to 30 June 2021.

The reversionary premium is negatively impacted by the inclusion of re-lettings from the acquisition in Brandenburg in 2020, where rents are lower than those achieved in central Berlin. Looking solely at the Berlin portfolio, which represents 90.7 per cent of total residential lettable space, the reversionary premium achieved was 33.7 per cent, down from 35.8 per cent in the prior period.

Limited impact from COVID-19 on rent collection

The prolonged duration of the COVID-19 outbreak and the further restrictions it has caused in early 2022 have had a limited impact on rent collection levels with over 98.4 per cent of rents due collected during the first six months of the financial year.

Where appropriate, PSD continues to support its tenants, both residential and commercial, by agreeing, on a case-by-case basis, the payment of monthly rents or deferring rental payments. In addition, PSD has in place a Vulnerable Tenant Policy which it will continue to monitor and apply to relevant tenants.

Investment in the Portfolio

During the first half of 2022, a total of €6.2million was invested across the Portfolio (H1 2021: €2.7million). These items are recorded as capital expenditure in the Financial Statements. A further €0.9million was spent on maintaining the assets and is expensed through the profit and loss account.

The increase in capital expenditure reflects the ruling against the Mietendeckel as projects which had been postponed or cancelled pending a final ruling on the legality of the Mietendeckel are reinstated.

Portfolio valuation and breakdown

	30-Jun-22	30-Jun-21	31-Dec-21	31-Dec-20
Total sqm ('000)	**188.1**	190.8	189.7	193.2
Valuation (€ million)	**820.1**	777.7	801.5	768.3
Like-for-like valuation growth (per cent)	**2.2**	2.5	6.3	6.3
Value per sqm (€)[1]	**4,318**	4,075	4,225	3,977
Fully occupied gross yield (per cent)	**2.8**	2.9	2.8	2.4
Number of buildings	**95**	97	97	98
Residential units	**2,554**	2,586	2,569	2,618
Commercial units	**136**	139	138	139
Total units	**2,690**	2,725	2,707	2,757

1 Excludes Investment property under construction.

Rental income and vacancy rate

	30-Jun-22	30-Jun-21	31-Dec-21	31-Dec-20
Total sqm ('000)	**188.1**	190.8	189.7	193.2
Gross in place rent per sqm (€)	**9.8**	9.5	9.6	9.3
Like-for-like rent per sqm growth	**3.7**	4.6	3.9	4.1
Vacancy (per cent)	**7.0**	7.7	8.4	6.8
EPRA Vacancy per cent (per cent)	**2.5**	1.3	3.1	2.1

EPRA Capital Expenditure

All figures in €'000 unless otherwise stated

	30-Jun-22	30-Jun-21	31-Dec-21	31-Dec-20
Acquisitions	**0**	0	0	0
Like-for-like portfolio	**1,769**	2,486	4,674	3,645
Development	**4,288**	101	4,406	274
Other	**178**	143	397	252
Total Capital Expenditure	**6,234**	**2,729**	**9,477**	**4,171**

Report of the Property Advisor continued

Acquisitions and disposals

On 21 March 2022, the Company announced that it has exchanged contracts to forward fund 17 new-build, semi-detached, residential properties (34 units) for a total agreed purchase price of €18.5million, with construction expected to complete in the second half of 2024. The price paid of €4,323 per sqm represents an estimated prospective gross yield of 3.5 per cent and the projected fully occupied rental income generated by the property is €652,670 per annum, equivalent to 3.2 per cent of the Portfolio gross in-place rent as at 31 December 2021.

On 5 May 2022, the Company exchanged contracts to acquire four multi-family houses consisting of 24 residential units for a purchase price of €6.3million. These properties are located in Hoppegarten and Neuenhagen, Berlin. Built in 1995 and 1998, they are in good technical condition and offer significant reversionary potential, having benefited from recent positive demographic changes.

On 22 September 2022, the Company exchanged contracts to acquire a multi-family house with 22 residential units and 3 commercial units for €4.9million. This property is located in Berlin-Neukölln, is well maintained, and offers significant reversionary and attic potential.

All three acquisitions will be fully financed using the new loan facility recently agreed with Natixis, announced in January 2022.

Since the beginning of the financial year, the Company has been actively exploring options for the disposal of buildings deemed to be non-core. Typically, these buildings will have a mature tenant structure with limited scope for further capital expenditure and subsequent reversionary re-letting.

Since the half-year end, the Company has exchanged contracts to sell two non-core properties for an aggregate consideration of €8.6million, a narrow discount to last JLL valuation of €8.8million as at 30 June 2022. These buildings were acquired in 2008 and 2017 respectively, for an aggregate purchase price of €3.9million.

The first of the two properties is an existing Altbau building combined with an ongoing construction project of an additional apartment block located within its footprint. The existing building, which was fully split in the land register, is located in a Milieuschutzgebiet area. The second property is a smaller building, with a significant commercial component and mature residential tenant structure.

Condominium sales at a 19.2 per cent premium to book value

PSD's condominium strategy involves the division and resale of selected properties as single apartments. This is subject to full regulatory approval and involves the legal splitting of the freeholds in properties that have been identified as being suitable for condominium conversion.

During the first half of 2022, nine condominiums units were notarised for sale for an aggregate value of €3.0million (H1 2021: €4.3million).

Condominium notarisations during the second quarter of 2022 have been negatively impacted by concerns over increases in the cost of living, higher borrowing costs and uncertainty surrounding the macro-economic environment, including the impact of the crisis in Ukraine. These factors have led to a deterioration in buyer sentiment and reduced investment volumes.

The average achieved notarised value per sqm for the residential units was €5,257, representing a gross premium of 19.2 per cent to book value and 21.8 per cent to PSD's average Berlin residential portfolio value as at 30 June 2022.

Since the half year reporting date, the Company has notarised for sale a further 2 condominium units with total value €1.0million and at a price per square metre of €6,236. This represents a gross premium of 33.0 per cent to book value and 44.4 per cent to the average residential portfolio value as at 30 June 2022.

As at 28 September 2022, 75.8 per cent of the Portfolio had been registered as condominiums, providing opportunities for the implementation of further sales projects where appropriate. A further 9.5 per cent are in application, over half of which are in the final stages of the process. This provides PSD with additional strategic flexibility to respond to changes in market conditions.

Recent Federal Government legislation has placed significant restrictions on the ability of landlords to split their properties into condominiums in the future. Reflecting this, there can be no guarantee that applications which are currently in process will complete. The legislation is, however, not retrospective and does not impact assets that have already been split into condominiums. Moreover, these measures will inevitably increase the scarcity of condominiums available for sale in the future, further exacerbating the supply-demand imbalance which currently exists.

Condominium construction

After the overturning of the Mietendeckel, a condominium construction project commenced in an existing asset bought in 2007. The project involves building out the attic and renovating existing commercial units to create seven new residential units. Construction on this project started in the second half of 2021, and the first units are projected to be available in the second half of 2022. The total construction budget for this project is €3.8million.

The Company also has building permits to renovate attics in 19 existing assets to create a further 45 units for sale as condominiums or as rental stock.

Debt and gearing

As at 30 June 2022, PSD had nominal borrowings of €305.1million (31 December 2021: €288.4million) and cash balances of €9.6million (31 December 2021: €10.4million), resulting in net debt of €295.5million (31 December 2021: €278.0million) and a net loan to value on the Portfolio of 36.0 per cent (31 December 2021: 34.7 per cent).

The change in gross debt in the period results from the additional drawdown of debt, including borrowings for further capex on existing and development buildings plus a tranche of the new build acquisition, offset partly by repayments of debt on the sale of condominiums alongside amortisation of debt held with Berliner Sparkasse.

Nearly all PSD's debt effectively has a fixed interest rate through hedging. As at 30 June 2022, the blended interest rate of PSD's loan book was 2.1 per cent (31 December 2021: 2.0 per cent). The average remaining duration of the loan book at 31 December 2021 had decreased to 4.3 years (31 December 2021: 4.9 years).

Report of the Property Advisor continued

Outlook

During recent months there has been a significant change in investor and consumer confidence in reaction to inflationary pressures, consequential interest rate rises, expectations for future global central bank monetary policy and economic growth. This has further been impacted by the ongoing conflict in Ukraine. Although PSD's share price has significantly outperformed its listed German residential peers during the first half of the financial year, these circumstances have created a degree of uncertainty across global equity markets from which PSD has not been immune.

Whilst rental values should continue to be supported by industry fundamentals, there has been a material deterioration in buyer sentiment since the beginning of the year. For PSD, this has been evident in condominium sales and, to the extent that the key drivers of weaker buyer sentiment (higher mortgage rates, and a higher cost of living) are unlikely to reverse during the second half of the year, it is anticipated that condominium sales for the full year 2022 will be materially lower than 2021.

At the institutional level, investor appetite for real assets has also weakened. A higher cost of funding has seen a reduction in investor demand for larger portfolio transactions, and there is sufficient anecdotal evidence to suggest that pricing has weakened. In parallel with this, a number of larger market participants are now net sellers of assets as they seek to reduce leverage from levels that are currently significantly higher than at PSD.

Against this backdrop, PSD is well positioned to withstand more challenging market conditions. With a net LTV of 36.0 per cent, the Company's balance sheet remains strong, with an average remaining duration of the loan book exceeding four years. None of the Company's debt reaches maturity until September 2026. Moreover, following a transition away from negative rates, the Company's interest rate hedging policy has seen cash borrowing costs decline, despite rising long term rates.

The Company will continue to review the portfolio of assets to ascertain the potential for disposals of buildings that are deemed to be non-core. Two buildings have already been notarised for sale, and further potential non-core disposals are currently under consideration.

Whilst there is now evidence of yields rising in certain segments of the German residential market, supply-demand imbalances within the Berlin PRS market should continue to support rental values. An increase in the cost of home ownership is likely to place further pressure on the significant shortage of housing that already exists in Berlin, as potential buyers remain within the rental system for longer. This shortage has been further exacerbated by the migration of almost one million refugees into Germany from Ukraine.

Additionally, higher funding, labour and construction costs present significant headwinds to large-scale new-build construction, a trend which is likely to further limit the future supply of rental accommodation. Future rent growth should therefore continue to be underpinned, and there remains significant future reversionary rental potential across PSD's portfolio of buildings.

The Company recognises the challenges that its customers are facing as a direct consequence of inflation. Notwithstanding current cost-of-living pressures, year-to-date rent collection levels have remained stable. The Company has always managed rent-to-income multiples for new tenants conservatively and this customer demographic, combined with recent Federal support initiatives to help mitigate the financial impact of rising fuel costs, should ensure rent collection levels remain resilient.

Although the current economic backdrop presents near-term headwinds for the German residential real estate industry, the Property Advisor remains confident in the long-term outlook for PSD. Since its inception in 2006, PSD has successfully adapted its business model to accommodate significant changes to the economic and regulatory environment and will continue to respond to the challenges presented by the current economic downturn.

Collected rents

Residential

95.6%

Commercial

97.0%

Key Performance Indicators

PSD has chosen a number of Key Performance Indicators (KPIs), which the Board believes will help investors understand the performance of the Company and the underlying property Portfolio.

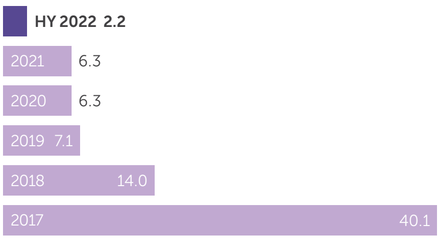
- The value of the Portfolio grew by 2.2 per cent on a like-for-like for basis for the first half of the year (H1 2021: 2.5 per cent). This increase was driven a like-for-like average rent per let sqm of 3.7 per cent (H1 2021: 4.6 per cent).

- The EPRA vacancy of the Portfolio stood at 2.5 per cent (31 December 2021: 3.1 per cent).
- The Group continued with its targeted condominium programme, notarising sales of €3.0million in the half year to 30 June 2022 (H1 2021: €4.3million).

- EPRA NTA per share increased by 1.2 per cent to €5.72 as at 30 June 2022 (31 December 2021: €5.65).
- The declared dividend for the half year 2022 was €2.35 cents (£2.09 pence) per share.

Like-for-like portfolio annual value growth

2.2%



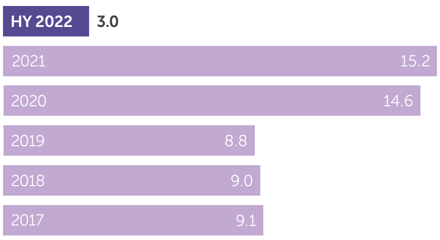
Like-for-like portfolio rent per sqm

+3.7%

y-o-y

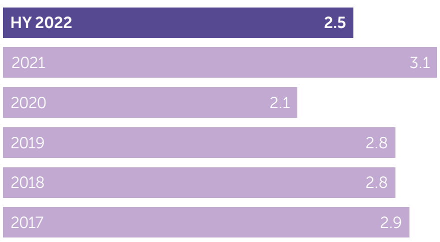
Condominium sales – notarised (millions)

€3.0



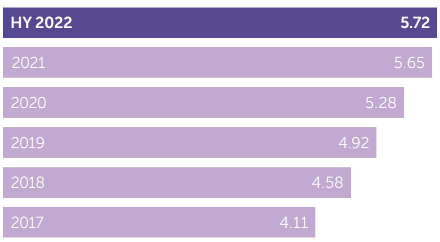
EPRA vacancy

2.5%



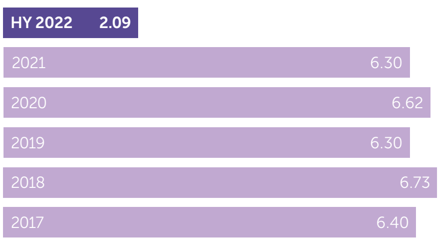
EPRA NTA per share

€5.72



Dividend per share

2.09p



Statement of Directors' Responsibilities

The important events that have occurred during the period under review, the key factors influencing the condensed consolidated financial statements and the principal factors that could impact the remaining six months of the financial year are set out in the Chairman's Statement and the Property Advisor Report.

Since the date of the Annual Report for the year ended 31 December 2021, capital and investment markets have reacted negatively to inflationary pressures, rising interest rates and economic uncertainty more generally.

As stated above, there has been a material deterioration in sentiment in the Berlin real estate market. Other principal risks considered are substantially unchanged since the date of the Annual Report for the year ended 31 December 2021, and continue to be as set out in that report. These include, but are not limited to:

- Financial and economic risk
- Market risk
- Inflationary risk
- Tenant, letting and political risk
- Outsourcing risk
- IT and Cyber Security risk
- Regulatory risk

The Directors confirm that, to the best of their knowledge:

- The condensed set of financial statements contained within this half yearly financial report have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The half yearly financial report includes a fair review of the information required by the FCA's Disclosure and Transparency Rule 4.2.7R being disclosure of important events that have occurred during the first six months of the financial year, their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The half yearly financial report includes a fair review of the information required by the Disclosure and Transparency Rule 4.2.8R being disclosure of related party transactions during the first six months of the financial year, how they have materially affected the financial position of the Group during the period and any changes therein.

The half yearly financial report was approved by the Board on 28 September 2022 and the above responsibility statement was signed on its behalf by:

Robert Hingley
Non-executive Director and Chairman
28 September 2022

Condensed Consolidated Statement of Comprehensive Income

For the period from 1 January 2022 to 30 June 2022

Continuing operations	Notes	**Six months ended 30 June 2022 (unaudited) €'000**	Six months ended 30 June 2021 (unaudited) €'000	Year ended 31 December 2021 (audited) €'000
Revenue		**12,972**	12,925	25,790
Property expenses	5	**(8,737)**	(7,391)	(16,082)
Gross profit		**4,235**	5,534	9,708
Administrative expenses	6	**(1,306)**	(1,586)	(3,447)
Gain on disposal of investment property (including investment property held for sale)	7	**88**	577	1,518
Investment property fair value gain	10	**11,395**	15,987	37,983
Performance fee due to Property Advisor	20	**343**	–	(343)
Operating profit		**14,755**	20,512	45,419
Net finance charge (before gain/(loss) on interest rate swaps)	8	**(3,892)**	(3,721)	(7,482)
Gain/(loss) on interest rate swaps	8	**6,089**	3,643	7,313
Profit before taxation		**16,952**	20,434	45,250
Income tax expense	9	**(2,981)**	(4,198)	(7,882)
Profit after taxation		**13,971**	16,236	37,368
Other comprehensive income		**–**	–	–
Total comprehensive income for the period		**13,971**	16,236	37,368
Total comprehensive income attributable to:				
Owners of the parent		**13,891**	16,208	37,311
Non-controlling interests		**80**	28	57
		13,971	16,236	37,368
Earnings per share attributable to the owners of the parent:				
From continuing operations				
Basic (€)	22	**0.15**	0.17	0.39
Diluted (€)	22	**0.15**	0.17	0.39

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	As at 30 June 2022 (unaudited) €'000	As at 30 June 2021 (unaudited) €'000	As at 31 December 2021 (audited) €'000
ASSETS				
Non-current assets				
Investment properties	12, 14	**779,290**	763,960	759,830
Property, plant and equipment		**18**	31	20
Other financial assets at amortised cost	15	**938**	919	926
Deferred tax asset	9	**759**	2,303	1,722
		781,005	767,213	762,498
Current assets				
Investment properties – held for sale	13	**40,804**	13,720	41,631
Trade and other receivables	16	**11,775**	12,746	11,699
Cash and cash equivalents		**9,550**	28,393	10,441
		62,129	54,859	63,771
Total assets		**843,134**	822,072	826,269
EQUITY AND LIABILITIES				
Current liabilities				
Borrowings	17	**835**	1,085	922
Trade and other payables	18	**10,962**	10,548	11,893
Current tax	9	**1,296**	513	512
		13,093	12,146	13,327
Non-current liabilities				
Borrowings	17	**300,270**	285,525	283,233
Derivative financial instruments	19	**4,795**	14,554	10,884
Deferred tax liability	9	**76,413**	71,897	75,198
		381,478	371,976	369,315
Total liabilities		**394,571**	384,122	382,642
Equity				
Stated capital	21	**196,578**	196,578	196,578
Treasury shares		**(37,111)**	(19,705)	(33,275)
Share based payment reserve	20	**–**	–	343
Retained earnings		**285,429**	257,519	276,394
Equity attributable to owners of the parent		**444,896**	434,392	440,040
Non-controlling interest		**3,667**	3,558	3,587
Total equity		**448,563**	437,950	443,627
Total equity and liabilities		**843,134**	822,072	826,269

Condensed Consolidated Statement of Changes in Equity

For the period from 1 January 2022 to 30 June 2022

	Attributable to the owners of the parent						
	Stated capital €'000	Treasury Shares €'000	Share based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2021	**196,578**	**(17,206)**	**6,369**	**244,685**	**430,426**	**3,530**	**433,956**
Comprehensive income:							
Profit for the period	–	–	–	16,208	16,208	28	16,236
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**	**16,208**	**16,208**	**28**	**16,236**
Transactions with owners – recognised directly in equity:							
Issue of shares	–	–	–	–	–	–	–
Dividends paid	–	–	–	(5,207)	(5,207)	–	(5,207)
Performance fee	–	–	–	–	–	–	–
Settlement of performance fee using treasury shares		4,536	(6,369)	1,833	–		–
Acquisition of treasury shares	–	(7,035)	–	–	(7,035)	–	(7,035)
Balance at 30 June 2021 (unaudited)	**196,578**	**(19,705)**	**–**	**257,519**	**434,392**	**3,558**	**437,950**
Comprehensive income:							
Profit for the period	–	–	–	21,103	21,103	29	21,132
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**	**21,103**	**21,103**	**29**	**21,132**
Transactions with owners – recognised directly in equity:							
Dividends paid	–	–	–	(2,228)	(2,228)	–	(2,228)
Performance fee	–	–	343	–	343	–	343
Acquisition of treasury shares	–	(13,570)	–	–	(13,570)	–	(13,570)
Balance at 31 December 2021 (audited)	**196,578**	**(33,275)**	**343**	**276,394**	**440,040**	**3,587**	**443,627**
Comprehensive income:							
Profit for the period	–	–	–	13,891	13,891	80	13,971
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**	**13,891**	**13,891**	**80**	**13,971**
Transactions with owners – recognised directly in equity:							
Dividends paid	–	–	–	(4,856)	(4,856)	–	(4,856)
Performance fee	–	–	(343)	–	(343)	–	(343)
Acquisition of treasury shares	–	(3,836)	–	–	(3,836)	–	(3,836)
Balance at 30 June 2022 (unaudited)	**196,578**	**(37,111)**	**–**	**285,429**	**444,896**	**3,667**	**448,563**

The share based payment reserve had been established in relation to the issue of shares for the payment of the performance fee of the property advisor. Treasury shares comprise the accumulated cost of shares acquired on-market.

Condensed Consolidated Statement of Cash Flows

For the period from 1 January 2022 to 30 June 2022

	Six months ended 30 June 2022 (unaudited) €'000	Six months ended 30 June 2021 (unaudited) €'000	Year ended 31 December 2021 (audited) €'000
Profit before taxation	**16,952**	20,434	45,250
Adjustments for:			
Net finance charge	**(2,197)**	78	169
Gain on disposal of investment property	**(88)**	(577)	(1,518)
Investment property revaluation gain	**(11,395)**	(15,987)	(37,983)
Depreciation	**8**	8	8
Performance fee due to property advisor	**(343)**	–	343
Operating cash flows before movements in working capital	**2,937**	3,956	6,269
Increase in receivables	**(4,424)**	(4,332)	(1,320)
(Decrease)/increase in payables	**(931)**	1,530	2,875
Cash (used in)/generated from operating activities	**(2,418)**	1,154	7,824
Income tax (paid)	**(19)**	(34)	163
Net cash (used in)/generated from operating activities	**(2,437)**	1,120	7,987
Cash flow from investing activities			
Proceeds on disposal of investment property (net of disposal costs)	**11,244**	10,198	13,758
Interest received	**2**	18	1
Capital expenditure on investment property	**(6,234)**	(2,729)	(9,477)
Property additions	**(7,724)**	–	–
(Acquisition)/disposals of property, plant and equipment	**(6)**	3	14
Net cash (used in)/generated from investing activities	**(2,718)**	7,490	4,296
Cash flow from financing activities			
Interest paid on bank loans	**(3,687)**	(3,663)	(7,743)
Repayment of bank loans	**(3,281)**	(1,308)	(4,059)
Drawdown on bank loan facilities	**20,012**	–	900
Dividends paid	**(4,856)**	(5,207)	(7,435)
Acquisition of treasury shares	**(4,001)**	(7,035)	(20,501)
Net cash generated from/(used in) financing activities	**4,187**	(17,213)	(38,838)
Net (decrease) in cash and cash equivalents	**(968)**	(8,603)	(26,555)
Cash and cash equivalents at beginning of period/year	**10,441**	36,996	36,996
Exchange gains on cash and cash equivalents	**–**	–	–
Cash and cash equivalents at end of period/year	**9,550**	28,393	10,441

Reconciliation of Net Cash Flow to Movement in Debt

For the period from 1 January 2022 to 30 June 2022

	Notes	**Six months ended 30 June 2022 (unaudited) €'000**	Six months ended 30 June 2021 (unaudited) €'000	Year ended 31 December 2021 (audited) €'000
Cashflow from increase/(decrease) in debt financing		**16,731**	(1,308)	(3,159)
Non-cash changes from increase in debt financing		**219**	369	(235)
Movement in debt in the period/year		**16,950**	(939)	(3,394)
Debt at the start of the period/year		**284,155**	287,549	287,549
Debt at the end of the period/year	17	**301,105**	286,610	284,155

Dividends paid during the six months to 30 June 2022 represent the final dividend relating to the year end 2021.

Notes to the Condensed Consolidated Financial Statements

For the period from 1 January 2022 to 30 June 2022

1. General information

The Group consists of a Parent Company, Phoenix Spree Deutschland Limited ('the Company'), incorporated in Jersey, Channel Islands and all its subsidiaries ('the Group') which are incorporated and domiciled in and operate out of Jersey and Germany. Phoenix Spree Deutschland Limited is listed on the premium segment of the Main Market of the London Stock Exchange.

The Group invests in residential and commercial property in Germany.

The registered office is at 12 Castle Street, St Helier, Jersey, JE2 3RT, Channel Islands.

2. Basis of preparation

The interim set of condensed consolidated financial statements has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting as adopted by the European Union and the United Kingdom.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2021.

The comparative figures for the financial year ended 31 December 2021 are extracted from but do not comprise, the Group's annual consolidated financial statements for that financial year.

The interim condensed consolidated financial statements were authorised and approved for issue on 28 September 2022.

The interim condensed consolidated financial statements are neither reviewed nor audited, and do not constitute statutory accounts within the meaning of Section 105 of the Companies (Jersey) Law 1991.

2.1 Going concern

The interim condensed consolidated financial statements have been prepared on a going concern basis which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Directors carried out a thorough review of the viability of the Company in the light of the continuing global inflationary pressures, rising interest rates and the ongoing conflict in Ukraine, the conclusion of which was that there were no concerns regarding the viability of the Company. These condensed consolidated financial statements have therefore been prepared on a going concern basis.

2.2 New standards and interpretations

There are currently no new standards, amendments or interpretations effective for annual periods beginning on or after 1 January 2022 that are required to be adopted by the Group.

3. Critical accounting estimates and judgements

The preparation of condensed consolidated financial statements in conformity with IFRS requires the Group to make certain critical accounting estimates and judgements. In the process of applying the Group's accounting policies, management has decided the following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period;

i) Estimate of fair value of investment properties

The valuation of the Group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and condition, and expected future rentals. The valuation as at 30 June 2022, which has been used to prepare these financial statements is based on the rules, regulations and market as at that date. The fair value estimates of investments properties are detailed in note 12.

The best evidence of fair value is current prices in an active market of investment properties with similar leases and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its estimate, the Group considers information from a variety of sources, including:

a) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Notes to the Condensed Consolidated Financial Statements continued

For the period from 1 January 2022 to 30 June 2022

3. Critical accounting estimates and judgements (continued)

b) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences.
c) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The Directors remain ultimately responsible for ensuring that the valuers are adequately qualified, competent and base their results on reasonable and realistic assumptions. The Directors have appointed JLL as the real estate valuation experts who determine the fair value of investment properties using recognised valuation techniques and the principles of IFRS 13. Further information on the valuation process can be found in note 12.

For further information with regard to the movement in the fair value of the Group's investment properties, refer to the management report on pages 6 to 7.

ii) Judgment in relation to the recognition of assets held for sale
In accordance with the requirement of IFRS 5, Management has made an assumption in respect of the likelihood of investment properties – held for sale, being sold within the following 12 months. Management considers that based on historical and current experience of market since 30 June 2022, the properties can be reasonably expected to sell within this timeframe.

4. Segmental information

Information reported to the Board of Directors, the chief operating decision maker, relates to the Group as a whole. Therefore, the Group has not included any further segmental analysis within these condensed consolidated unaudited interim financial statements.

5. Property expenses

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Property management expenses	**613**	606	1,195
Repairs and maintenance	**899**	598	1,731
Cost incurred in splitting assets into condominiums at the land registry	**–**	33	–
Impairment charge – trade receivables	**(66)**	49	420
Service charges paid on behalf of tenants	**3,862**	2,761	6,014
Property Advisors' fees and expenses	**3,429**	3,344	6,722
	8,737	7,391	16,082

6. Administrative expenses

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Secretarial & administration fees	**318**	386	609
Legal & professional fees	**895**	971	2,405
Directors' fees	**152**	158	287
Bank charges	**41**	53	62
(Profit)/ loss on foreign exchange	**(105)**	14	82
Depreciation	**8**	8	8
Other income	**(3)**	(4)	(6)
	1,306	1,586	3,447

7. Gain on disposal of investment property (including investment property held for sale)

	Notes	**30 June 2022 (unaudited) €'000**	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Disposal proceeds		**7,314**	10,323	16,667
Book value of disposals	12	**(6,720)**	(9,346)	(14,309)
Disposal costs		**(506)**	(400)	(840)
		88	577	1,518

Where there has been a partial disposal of a property, the net book value of the asset sold is calculated on a per square metre rate, based on the December valuation.

8. Net finance charge

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Interest income	**(14)**	(18)	(26)
Fair value gain on interest rate swap	**(6,089)**	(3,643)	(7,313)
Finance expense on bank borrowings	**3,906**	3,739	7,508
	(2,197)	78	169

9. Income tax expense

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
The tax charge for the period is as follows:			
Current tax charge/(credit)	**803**	(3)	(201)
Deferred tax charge – origination and reversal of temporary differences	**2,178**	4,201	8,083
	2,981	4,198	7,882

The tax charge for the year can be reconciled to the theoretical tax charge on the profit in the condensed consolidated statement of comprehensive income as follows:

	30 June 2022 €'000	30 June 2021 €'000	31 December 2021 €'000
Profit before tax on continuing operations	**16,952**	20,434	45,250
Tax at German income tax rate of 15.8% (2021: 15.8%)	**2,678**	3,229	7,150
Income not taxable	**(14)**	(91)	(240)
Tax effect of losses brought forward	**316**	1,061	972
Total tax charge for the period/year	**2,981**	4,198	7,882

Reconciliation of current tax liabilities

	30 June 2022 €'000	30 June 2021 €'000	31 December 2021 €'000
Balance at beginning of period/year	**512**	550	550
Tax (paid)/received	**(19)**	(34)	163
Current tax charge/(credit)	**803**	(3)	(201)
Balance at end of period/year	**1,296**	513	512

Reconciliation of deferred tax

	Capital gains on properties €'000 Liability	Interest rate swaps €'000 Asset	Total €'000 Net liabilities
Balance at 1 January 2021	(68,273)	2,880	(65,393)
Charged to the statement of comprehensive income	(3,624)	(577)	(4,201)
Deferred tax (liability)/asset at 30 June 2021	(71,897)	2,303	(69,594)
Charged to the statement of comprehensive income	(3,301)	(581)	(3,882)
Deferred tax (liability)/asset at 31 December 2021	(75,198)	1,722	(73,476)
Charged to the statement of comprehensive income	(1,215)	(963)	(2,178)
Deferred tax (liability)/asset at 30 June 2022	**(76,413)**	**759**	**(75,654)**

Notes to the Condensed Consolidated Financial Statements continued

For the period from 1 January 2022 to 30 June 2022

10. Investment property fair value gain

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Investment property fair value gain	**11,395**	15,987	37,983

Further information on investment properties is shown in note 12.

11. Dividends

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for the year ended 31 December 2021 of €2.35 cents (2.02p) declared 24 September 2021, paid 29 October 2021 (2020: €2.35 cents (2.1p)) per share.	**–**	–	2,228
Final dividend for the year ended 31 December 2021 of 5.15 cents (€) (4.65 pence) paid 7 June 2022 (2020: 5.15 cents (€) (4.65 pence)) per share.	**4,856**	5,207	5,207

The Board is pleased to declare an unchanged interim dividend of 2.35 cents per share (2.09 pence per share, GBP:EUR FX rate locked in at 1:1.124 as at 28 September 2022.) for the first half of the year (six months to 30 June 2021: 2.35 cents, 2.02 pence). The dividend is expected to be paid on or around 28 October 2022 to shareholders on the register at close of business on 7 October 2022, with an ex-dividend date of 6 October 2022.

The proposed dividend has not been included as a liability in these condensed consolidated financial statements. The payment of this dividend will not have any tax consequences for the Group.

12. Investment properties

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Fair value			
Balance at beginning of period/year	**801,461**	768,310	768,310
Capital expenditure	**6,234**	2,729	9,477
Disposals	**(6,720)**	(9,346)	(14,309)
Fair value gain	**11,395**	15,987	37,983
Investment properties at fair value – as set out in the report by JLL	**812,370**	777,680	801,461
Assets considered as "Held for sale" (Note 13)	**(40,804)**	(13,720)	(41,631)
Assets considered as "Under construction" (Note 14)	**7,724**	–	–
Balance at end of period/year	**779,290**	763,960	759,830

The property portfolio was valued at 30 June 2022 by the Group's independent valuers, Jones Lang LaSalle GmbH ('JLL'), in accordance with the methodology described below. The valuations were performed in accordance with the current Appraisal and Valuation Standards, 8th edition (the 'Red Book') published by the Royal Institution of Chartered Surveyors (RICS).

The valuation is performed on a building-by-building basis and the source information on the properties including current rent levels, void rates and non-recoverable costs was provided to JLL by the Property Advisors QSix Residential Limited. Assumptions with respect to rental growth, adjustments to non-recoverable costs and the future valuation of these are those of JLL. Such estimates are inherently subjective and actual values can only be determined in a sales transaction. JLL also uses data from comparable market transactions where these are available alongside their own assumptions.

Having reviewed the JLL report, the Directors are of the opinion that this represents a fair and reasonable valuation of the properties and have consequently adopted this valuation in the preparation of the condensed consolidated financial statements.

The valuations have been prepared by JLL on a consistent basis at each reporting date and the methodology is consistent and in accordance with IFRS which requires that the 'highest and best use' value is taken into account where that use is physically possible, legally permissible and financially feasible for the property concerned, and irrespective of the current or intended use.

All properties are valued as Level 3 measurements under the fair value hierarchy (see note 24) as the inputs to the discounted cash flow methodology which have a significant effect on the recorded fair value are not observable. Additionally, JLL perform reference checks back to comparable market transactions to confirm the valuation model.

The unrealised fair value gain in respect of investment property is disclosed in the condensed consolidated statement of comprehensive income as 'Investment property fair value gain'.

Valuations are undertaken using the discounted cash flow valuation technique as described below and with the inputs set out as follows:

Discounted cash flow methodology (DCF)
The fair value of investment properties is determined using discounted cash flows.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation the DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property.

Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The Group categorises all investment properties in the following three ways;

Rental Scenario
Where properties have been valued under the "Discounted Cashflow Methodology" and are intended to be held by the Group for the foreseeable future, they are considered valued under the "Rental Scenario" This will equal the "Investment Properties" line in the Non-Current Assets section of the condensed consolidated statement of financial position.

Condominium scenario
Where properties have the potential or the benefit of all relevant permissions required to sell apartments individually (condominiums) then we value these as a 'condominium scenario'. Expected sales in the coming year from these assets are considered held for sale under IFRS 5 and can be seen in note 13. The additional value is reflected by using a lower discount rate under the DCF Methodology. Properties which do not have the benefit of all relevant permissions are described as valued using a standard 'rental scenario'. Included in properties valued under the condominium scenario are properties not yet released to held for sale as only a portion of the properties are forecast to be sold in the coming 12 months.

Disposal Scenario
Where properties have been notarised for sale prior to the reporting date, but have not completed; they are held at their notarised disposal value. These assets are considered held for sale under IFRS 5 as set out in note 13.

The table below sets out the assets valued using these 3 scenarios:

	30 June 2022 €'000	30 June 2021 €'000	31 December 2021 €'000
Rental scenario	**779,540**	734,240	762,690
Condominium scenario	**32,318**	42,294	33,050
Disposal scenario	**512**	1,146	5,721
Total	**812,370**	777,680	801,461

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For the period from 1 January 2022 to 30 June 2022

13. Investment properties – Held for sale

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Fair value – held for sale investment properties			
At beginning of period/year	**41,631**	19,302	19,302
Transferred from investment properties	**5,359**	3,248	35,886
Capital expenditure	**534**	458	586
Properties sold	**(6,720)**	(9,346)	(14,309)
Valuation gain on apartments held for sale	**–**	58	166
At end of period/year	**40,804**	13,720	41,631

Investment properties are re-classified as current assets and described as 'held for sale' in three different situations: properties notarised for sale at the reporting date, properties where at the reporting date the Group has obtained and implemented all relevant permissions required to sell individual apartment units, and efforts are being made to dispose of the assets ('condominium'); and properties which are being marketed for sale but have currently not been notarised.

Properties notarised for sale by the reporting date are valued at their disposal price (disposal scenario), and other properties are valued using the condominium or rental scenarios (see note 12) as appropriate.

Investment properties held for sale are all expected to be sold within 12 months of the reporting date based on Management knowledge of current and historic market conditions.

14. Investment properties – Under construction

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Fair value – under construction investment properties			
At beginning of period/year	**–**	–	–
Properties purchased	**5,550**	–	–
Capital expenditure	**2,174**	–	–
At end of period/year	**7,724**	–	–

Investment properties are considered as under construction from the point of completion of the acquisition of the property up until the completion of the development, at which point the property will be transferred to investment properties.

The directors consider the fair value of the current investment property under construction to be the acquisition price plus any capital expenditure incurred. Due to the acquisition occurring in May 2022 and the close proximity to the reporting date, the directors consider this method represents a fair and reasonable reflection of fair value.

15. Other financial assets at amortised cost

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Non-current			
Balance at beginning of period/year	**926**	901	901
Accrued interest	**12**	18	25
Balance at end of period/year	**938**	919	926

The Group entered into a loan agreement with the minority interest of Accentro Real Estate AG in relation to the acquisition of the assets as share deals. This loan bears interest at 3% per annum.

These financial assets are considered to have low credit risk and any loss allowance would be immaterial.

None of these financial assets were either past due or impaired.

16. Trade and other receivables

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Current			
Trade receivables	**1,061**	920	827
Less: impairment provision	**(249)**	(138)	(315)
Net receivables	**812**	782	512
Prepayments and accrued income	**2,321**	795	514
Investment property disposal proceeds receivable	**–**	3,944	4,513
Service charges receivable	**8,066**	7,033	5,562
Other receivables	**576**	192	598
	11,775	12,746	11,699

17. Borrowings

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Current liabilities			
Bank loans – NATIXIS Pfandbriefbank AG*	**34**	284	121
Bank loans – Berliner Sparkasse	**801**	801	801
	835	1,085	922
Non-current liabilities			
Bank loans – NATIXIS Pfandbriefbank AG**	**239,454**	236,201	234,328
Bank loans – Berliner Sparkasse	**60,816**	49,324	48,905
	300,270	285,525	283,233
	301,105	286,610	284,155

* Nominal value of the borrowings as at 30 June 2022 was €986,000 (31 December 2021: €901,000, 30 June 2021: €977,000).
** Nominal value of the borrowings as at 30 June 2022 was €242,497,000 (31 December 2021: €240,000,000, 30 June 2021: €239,110,000).

For further information on borrowings, refer to the management report on page 9.

18. Trade and other payables

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Trade payables	**609**	1,155	2,758
Accrued liabilities	**2,806**	1,643	1,472
Service charges payable	**5,769**	7,750	5,203
Advanced payment received on account	**1,778**	–	2,437
Deferred income	**–**	–	23
	10,962	10,548	11,893

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For the period from 1 January 2022 to 30 June 2022

19. Derivative financial instruments

Interest rate swaps – carried at fair value through profit or loss

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
At beginning of period/year	**10,884**	18,197	18,197
Gain in movement in fair value through profit or loss	**(6,089)**	(3,643)	(7,313)
At end of period/year	**4,795**	14,554	10,884

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2022 were €204,269,000 (December 2021: €204,269,000, June 2021: €204,269,000). At 30 June 2022 the fixed interest rates vary from 0.24% to 1.01% (December 2021: 0.24% to 1.07%, June 2021: 0.24% to 1.01%) above the main factoring Euribor rate.

Maturity analysis of interest rate swaps

	30 June 2022 €'000	30 June 2021 €'000	31 December 2021 €'000
Between 2 and 5 years	**4,795**	–	10,405
More than 5 years	**–**	14,554	479
	4,795	14,554	10,884

20. Share based payment reserve

	Performance fee €'000
Balance at 1 January 2021	6,369
Settlement of performance fee in shares	(6,369)
Balance at 30 June 2021	–
Fee charge for the period (unaudited)	343
Balance at 31 December 2021	343
Fee charge for the period (audited)	(343)
Balance at 30 June 2022 (unaudited)	**–**

No performance fee has been recognised in the period because the performance criteria were not met.

Performance Fee

The Property Advisor is entitled to an asset and estate management performance fee, measured over consecutive three year periods, equal to 15% of the excess (or in the case of the initial period or any performance period ending prior to 31 December 2020, 16%) by which the annual EPRA NAV total return of the Group exceeds 8% per annum, compounding (the 'Performance Fee'). As the EPRA NAV measurement has been superseded by EPRA NTA (See note 23), future performance fees will be calculated with respect to movements in EPRA NTA.
The Performance Fee is subject to a high watermark, being the higher of:
(i) EPRA NTA per share at 1 January 2021; and
(ii) the EPRA NTA per share at the end of a Performance Period in relation to which a performance fee was earned in accordance of the provisions continued with the Property Advisor and Investor Relations Agreement.

Other Property Advisor Fees

Under the Property Advisory Agreement for providing property advisory services, the Property Advisor will be entitled to a Portfolio and Asset Management Fee as follows:
(i) 1.2% of the EPRA NTA of the Group where EPRA NTA of the Group is equal to or less than €500million; and
(ii) 1% of the EPRA NTA of the Group greater than €500million.

The Property Advisor is entitled to receive a finance fee equal to:
(i) 0.1% of the value of any borrowing arrangement which the Property Advisor has negotiated and/or supervised; and
(ii) a fixed fee of £1,000 in respect of any borrowing arrangement which the Property Advisor has renegotiated or varied.

The Property Advisor is entitled to a capex monitoring fee equal to 7% of any capital expenditure incurred by any Subsidiary which the Property Advisor is responsible for managing.

The Property Advisor is entitled to receive a transaction fee fixed at £1,000 in respect of any acquisition or disposal of property by any Subsidiary.

The Property Advisor is entitled to a letting fee equal to between one and three month's net cold rent (being gross rents receivable less service costs and taxes) for each new tenancy signed by the Company where the Property Advisor has sourced the relevant tenant.

The Property Advisor shall be entitled to a fee for Investor Relations Services at the annual rate of £75,000 payable quarterly in arrears.

The management fee will be reduced by the aggregate amount of any transaction fees and finance fees payable to the Property Advisor in respect of that calendar year.

Details of the fees paid to the Property Advisor are set out in note 26.

21. Stated capital

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Issued and fully paid:			
Shares	**196,578**	196,578	196,578
	196,578	196,578	196,578

The number of shares in issue at 30 June 2022 was 100,751,410 (including 8,879,802 as Treasury Shares) (31 December 2021: 100,751,410 (including 7,949,293 as Treasury Shares), 30 June 2021: 100,751,410 (including 5,057,849 as Treasury Shares)).

22. Earnings per share

	30 June 2022 (unaudited)	30 June 2021 (unaudited)	31 December 2021 (audited)
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the parent (€'000)	**13,891**	16,208	37,311
Weighted average number of ordinary shares for the purposes of basic earnings per share (Number)	**92,456,025**	96,259,529	94,973,655
Effect of dilutive potential ordinary shares (Number)	**–**	–	72,433
Weighted average number of ordinary shares for the purposes of diluted earnings per share (Number)	**92,456,025**	96,259,529	95,046,088
Earnings per share (€)	**0.15**	0.17	0.39
Diluted earnings per share (€)	**0.15**	0.17	0.39

23. Net asset value per share and EPRA Net Tangible Assets (NTA)

	30 June 2022 (unaudited)	30 June 2021 (unaudited)	31 December 2021 (audited)
Net assets (€'000)	**444,896**	434,392	440,040
Number of participating ordinary shares	**91,871,607**	95,693,560	92,802,117
Net asset value per share (€)	**4.84**	4.54	4.74

EPRA NTA

	30 June 2022 (unaudited)	30 June 2021 (unaudited)	31 December 2021 (audited)
Net assets (€'000)	**444,896**	434,392	440,040
Add back deferred tax assets and liabilities, derivative financial instruments and share based payment reserves (€'000)	**80,449**	84,148	84,017
EPRA NTA (€'000)	**525,345**	518,540	524,057
EPRA NTA per share (€)	**5.72**	5.42	5.65

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For the period from 1 January 2022 to 30 June 2022

24. Financial instruments

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the condensed consolidated financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- financial assets
- cash and cash equivalents
- trade and other receivables
- trade and other payables
- borrowings
- derivative financial instruments

The Group held the following financial assets at each reporting date:

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Loans and receivables			
Trade and other receivables – current	**9,454**	11,951	11,185
Cash and cash equivalents	**9,552**	28,393	10,441
Loans and receivables	**938**	919	926
	19,944	41,263	22,552

The Group held the following financial liabilities at each reporting date:

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Held at amortised cost			
Borrowings payable: current	**835**	1,085	922
Borrowings payable: non-current	**300,270**	285,525	283,233
Trade and other payables	**10,962**	10,548	11,893
	312,067	297,158	296,048
Fair value through profit or loss			
Derivative financial liability – interest rate swaps	**4,795**	14,554	10,884
	4,795	14,554	10,884
	316,862	311,712	306,932

Fair value of financial instruments

With the exception of the variable rate borrowings, the fair values of the financial assets and liabilities are not materially different to their carrying values due to the short term nature of the current assets and liabilities or due to the commercial variable rates applied to the long term liabilities.

The interest rate swap was valued externally by the respective counterparty banks by comparison with the market price for the relevant date.

The interest rate swaps are expected to mature between July 2026 and February 2027.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During each of the reporting periods, there were no transfers between valuation levels.

Group fair values

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Financial liabilities			
Interest rate swaps – Level 2 – current	**–**	–	(10,405)
Interest rate swaps – Level 2 – non-current	**(4,795)**	(14,554)	(479)
	(4,795)	(14,554)	(10,884)

The valuation basis for the investment properties is disclosed in note 12.

25. Capital commitments

	30 June 2022 (unaudited) €'000	30 June 2021 (unaudited) €'000	31 December 2021 (audited) €'000
Contracted capital commitments at the end of the year	**12,950**	–	–

Capital commitments include contracted obligations in respect of the construction, enhancement and repair of the Group's properties. The full amount disclosed above, €12.95m relates to an asset under construction (see note 14) and is matched 100% with secured debt finance.

26. Related party transactions

Related party transactions not disclosed elsewhere are as follows:

QSix Residential Limited is the Group's appointed Property Advisor. No Directors of QSix Residential Limited currently sit on the Board of PSD, although its Principals retain a shareholding in the Company. For the six month period ended 30 June 2022, an amount of €3,429,000 (€3,384,000 Management Fees and €45,000 Other expenses and fees) (December 2021: €6,722,029 (€6,653,493 Management fees and €90,437 Other expenses and fees), June 2021: €3,344,000 (€3,298,000 Management fees and €46,000 Other expenses and fees)) was payable to QSix Residential Limited. At 30 June 2022 €839,000 (December 2021: €977,260, June 2021: €839,000) was outstanding.

The Property Advisor is also entitled to an asset and estate management performance fee. The charge for the period in respect of the performance fee was credit €343,000 (December 2021: €343,000, June 2021: credit €nil). Please refer to note 20 for more details.

Apex Financial Services (Alternative Funds) Limited, the Company's administrator provided administration and company secretarial services to PSDL and its subsidiaries in 2022. For the six month period ended 30 June 2022, an amount of €289,000 (December 2021: €609,000, June 2021: €320,600) was payable to Apex Financial Services (Alternative Funds) Limited. At 30 June 2022 €117,500 (December 2021: €154,000, June 2021: €nil) was outstanding.

Dividends paid to Directors in their capacity as a shareholder amounted to €643 (December 2021: €2,976, June 2021: €2,422).

27. Events after the reporting date

The Company exchanged contracts for the sale of two residential units in Berlin for total proceeds of €0.5million prior to the reporting date all of which was received in Q3 2022.

In Q3 2022 the Company exchanged contracts for the sale of two condominiums in Berlin for the aggregated consideration of €1.0million. All the transactions are expected to be completed in Q4 2022.

In Q3 2022 the Company exchanged contracts for the disposal of two non-core Berlin property an aggregate consideration of €8.6million.

In Q3 2022 the Company exchanged contracts for the acquisition of one property in Berlin with a purchase price of €4.9million. The purchase is expected to complete in the first half of 2023.

Professional Advisors

Property Advisor	QSix Residential Limited 54-56 Jermyn Street London SW1Y 6LX
Administrator Company Secretary and Registered Office	Apex Financial Services (Alternative Funds) Limited 12 Castle Street St Helier Jersey JE2 3RT
Registrar	Link Asset Services (Jersey) Limited 12 Castle Street St. Helier Jersey JE2 3RT
Principal Banker	Barclays Private Clients International Limited 13 Library Place St. Helier Jersey JE4 8NE
UK Legal Advisor	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Jersey Legal Advisor	Mourant Ozannes 22 Grenville Street St. Helier Jersey JE4 8PX
German Legal Advisor as to property law	Mittelstein Rechtsanwälte Alsterarkaden 20 20354 Hamburg Germany
German Legal Advisor as to general matters	Mittelstein Rechtsanwälte Alsterarkaden 20 20354 Hamburg Germany
German Legal Advisor as to German partnership law	Taylor Wessing Partnerschaftsgesellschaft mbB Thurn-und-Taxis-Platz 6 60313 Frankfurt a.M. Germany
Sponsor and Broker	Numis Securities Limited 45 Gresham Street 10 Paternoster Square London EC2V 7BF
Independent Property Valuer	Jones Lang LaSalle GmbH Rahel-Hirsch-Strasse 10 10557 Berlin Germany
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

Notes

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12 Castle Street
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