

Better Futures

Phoenix Spree
Interim Report 2024



QSIX

Introduction

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.



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www.phoenixspree.com

Half-Year Financial Summary

Phoenix Spree Deutschland (LSE: PSDL.LN), the specialist investor in Berlin residential real estate, announces its Interim Results for the six months ended 30 June 2024. The Company also provides an update on its strategy to significantly accelerate condominium sales and reduce debt.

Gross rental income (million)
(Six months to June 2024)

€14.2



(Loss) before tax (million)
(Six months to June 2024)

(€24.1)



Portfolio valuation (million)
(As at 30 June 2024)

€646.4



Like-for-like valuation decline³
(Six months to June 2024)

(3.3)%



EPRA NTA per share⁴
(As at 30 June 2024)

€3.68



EPRA NTA per share^{1,4}
(As at 30 June 2024)

£3.12



EPRA NTA (€) per share total return
(Six months to June 2024)

(7.1)%



Net LTV²
(As at 30 June 2024)

46.4%



Portfolio valuation per sqm
(As at 30 June 2024)

€3,476



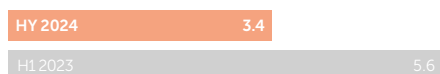
Annual like-for-like rent per sqm growth³
(Six months to June 2024)

3.2% y-o-y



Like-for-like rent growth (%)³
(Six months to June 2024)

3.4% y-o-y



EPRA vacancy
(Six months to June 2024)

1.4%



Condominium sales notarised (million)
(Six months to June 2024)

€5.3



1 Calculated at FX rate GBP/EUR 1:1.178 as 30 June 2024 (2023: GBP/EUR 1:1.153).

2 Net LTV uses nominal loan balances (note 22) rather than the loan balances on the Consolidated Statement of Financial Position which include Capitalised Finance Arrangement Fees.

3 Like-for-like excludes the impact of acquisitions and disposals in the period.

4 EPRA metrics defined and calculated in note 21.

Significant progress in strategy to accelerate condominium sales to €50 million annually

- Negotiations with the Company's main lender, Natixis Pfandbriefbank AG ('Natixis'), to modify the Company's principal lending facility have concluded successfully.
- This will increase the number of buildings that are permitted to be sold as condominiums from 6 currently to 40, representing c.900 units.
- The Company is in advanced discussions to sell a portfolio of 16 rental buildings.
- The proceeds of the proposed portfolio sale will enable other debt to be repaid in full which will allow additional property collateral to be provided to Natixis, upon which the debt amendment is conditional, and will release cash to fund capital expenditure to optimise the sale values of condominium units designated for disposal.
- The company has engaged two leading Berlin condominium sales platforms to facilitate the expected acceleration in condominium sales.
- 10 buildings have been earmarked for the first condominium sales tranche, increasing the total number of condominiums that can be made available for sale from c.75 units currently to c.250 units by year-end 2024, with a further 24 properties expected to be made available for sale in H1 2025.
- Condominiums continue to sell at a significant premium per sqm to equivalent single rental building valuations. During H1 2024, PSD notarised 15 condominiums for sale at an average price of €4,292 per sqm. This represents a 23 per cent premium to the H1 2024 JLL Portfolio valuation and a 57¹ per cent premium to the Portfolio value implied by the current share price.

Decline in Portfolio valuation, although recent transaction activity showing tentative signs of recovery

- As reported in the recent Portfolio update published in July, buyer sentiment and transaction volumes remain subdued; the like-for-like Portfolio value decreased by 3.3 per cent during H1 2024, reflecting a further increase in market yields, partially offset by rental growth.
- The rate of decline in asset values since H1 2023 has slowed and Berlin transaction volumes have shown tentative signs of recovery since the half-year end.

“The ongoing supply-demand imbalances in the Berlin market continue to drive rental growth, leading to record rents. Although buyer sentiment and transaction volumes within the Berlin residential market have continued to be negatively affected by historically high interest rates, the rate of decline in asset values has slowed and we have started to see tentative signs of recovery in Berlin transaction volumes.”

Robert Hingley

Chairman of Phoenix Spree Deutschland

Reversionary reletting premium remains high, reflecting ongoing shortage of Berlin rental supply

- 120 new leases were signed during the six months to 30 June 2024. The average premium to passing rents for residential re-lets was 33 per cent, or €13.8 per sqm, a record high.
- EPRA vacancy of 1.4 per cent (H1 2023: 2.7 per cent), at a record low.
- New rent table (Mietspiegel) released in May 2024 is expected to add approximately 2 per cent to in-place rent growth on an annualised basis, supporting rent growth in the second half.

Upturn in condominium buyer interest

- Fifteen condominium units notarised for sale for an aggregate value of €5.3 million in H1 2024 (H1 2023: eight condominiums, €2.0 million).
- Since the half year end, four condominiums, with an aggregate sales price of €1.2 million and one commercial unit with a sales price of €230k, have been notarised. A further four condominium reservations are outstanding with an aggregate value of €1.7 million.
- First-half sales represent an annualised rate of 33 per cent of available stock, (17 per cent in H1 2023).
- A new condominium sales project was recently launched with an estimated aggregate sales value of €14 million. Initial levels of interest have been encouraging.

Outlook

- Condominium sales prices are expected to remain at a significant premium to both the average per sqm valuation across the Portfolio and transaction values of rental buildings in the Berlin market, as well as to the value of the PSD Portfolio implied by the current share price.
- Conditions in the investment market for single rental building and portfolio sales have seen some tentative signs of improvement. The Portfolio remains under continuous review for further disposals.
- Cash generated from all future asset sales will initially be used to pay down debt and to provide capital for targeted investment in existing condominium properties.
- It is the intention of the Company to refinance the Natixis debt facility ahead of its expiry in September 2026, after which any surplus capital from the condominium sales process is expected to be available for distribution to shareholders. In the meantime, PSD is required to prioritise the repayment of debt.
- The Company's rental business is expected to continue to perform well, driven by growing structural imbalances and supplemented by the introduction of the new Mietspiegel.

1 Implied premium calculated using a share price of 175p and a Sterling/Euro exchange rate of 1:1.20.

Chairman's Statement

The long-term outlook for Berlin residential property remains strong.

The considerable and sustained supply-demand imbalance in the Berlin rental market continues to drive further growth in market rents. PSD's Berlin residential Portfolio has seen new lettings signed at an average premium of 33 per cent to passing rents, and EPRA vacancy levels have reached an all-time low. The condominium market has also shown clear signs of recovery and, during the first six months of the financial year, the Company recorded a 161 per cent increase in condominium notarisations compared to the same period last year.

This remains in contrast to the market for multifamily rental properties, where higher interest rates have continued to weigh on investor sentiment. As a result, rental yields have increased further, and the Company has reported a like-for-like decline in the

value of its properties of 3.3 per cent for the first half of the year. The rate of decline in asset values has slowed materially, and this is the smallest decline since Berlin residential real estate values peaked in H1 2022. Encouragingly, the Berlin market is now beginning to show tentative signs of recovery in transaction volumes, albeit from a low base. Nonetheless, pricing in the market for single rental buildings and portfolios of rental buildings has remained subdued.

Adapting our strategy to maximise returns

Increasing asset sales and reducing debt remain the Company's priorities. Reflecting the relative buoyancy of the condominium market versus the market for sale of rental buildings, the Company continues to execute on its strategy to significantly increase condominium sales.



“Buyer sentiment in the condominium market is robust and the Company plans to significantly accelerate condominium sales in the future.”

The accelerated condominium sales strategy is conditional on amending the terms of the Company's principal current debt arrangement, such that a greater number of buildings can be placed in the condominium sales pool. I am therefore pleased to report that agreement has recently been reached with our primary lender, Natixis, to significantly increase the number of buildings within the Portfolio that can be sold as condominiums.

To facilitate the Natixis debt amendment, the Company is in advanced discussions to sell a portfolio of 16 rental buildings. The proposed sale will release buildings to provide additional collateral to Natixis, upon which the debt amendment is conditional. It will additionally release cash to fund capital expenditure to optimise the sales values of condominium units designated for disposal.

Our Property Advisor, QSIX, is fully focused on preparing for sale and marketing the initial tranche of new condominium buildings. Assuming successful implementation of the Natixis debt amendment, these are expected to come on-stream by the fourth quarter of this year, and we are confident that the Company can then reach its annualised condominium sales target of €50 million during 2025.

Further details of our strategy to accelerate condominium sales can be found in the report of the Property Advisor.

Responsible business

As a housing provider, our tenants are at the core of what we do and we remain strongly committed to their wellbeing and satisfaction. During the first half of the year, we have continued to invest in our properties and we are proud to report that our latest tenant satisfaction survey again demonstrated high levels of satisfaction for both the quality of their apartments and the efficiency of our rental process.

Environmental Stewardship also remains a priority, as we strive to minimise our impact on the environment. The Company has outlined plans to strategically invest in capital improvements aimed at reducing emissions,

enhancing energy efficiency and improving buildings and their surroundings. We have also continued to develop the environmental measurement and reporting of our Portfolio, in line with EPRA's sBPR framework. Our most recent EPRA Sustainability report, for which the Company achieved a Gold Award, can be viewed on the Company website. Our commitment to being a responsible corporate citizen extends to our charitable endeavours. We have a strategic approach to our charitable giving, guided by our Community Investment Policy, with a focus on supporting charities related to 'homelessness' or 'families'. By aligning our philanthropic efforts within these areas, we aim to make a meaningful and lasting difference in the lives of those in need within our communities.

In Berlin, PSD's support for The Intercultural Initiative and Laughing Hearts helps provide crucial assistance to women, children, and those in social care. In London, our Property Advisor's support for homeless charities SPEAR and SHP (Single Homeless Project) is addressing the needs of homeless individuals through accommodation, health support, and employability programmes. Additionally, our Property Advisor's support for Home-Start is contributing to the well-being of families with young children in the UK.

Property Advisor

In 2023, the Board and QSIX, the Property Advisor, with shareholders' approval, agreed to change the fees payable to the Property Advisor to further align their incentives with the Company's short-term strategic priorities. The key element of the new agreement was to incentivise the Property Advisor to evaluate and implement a variety of disposal strategies, including condominium sales, while reducing the level of annual management fees paid for the 12-month period to July 2024.

As previously announced, the Board and the Property Advisor have now agreed to a permanent cap on the annual fees paid for management, capital expenditure monitoring and investor relations of €4.3 million. This represents a 14 per cent year-on-year reduction and a 40 per cent

reduction compared to the end-2022 run rate. Additionally, QSIX has informed the Company that it will use the post-tax proceeds of any future disposal fee received from the Company to buy shares in PSD to further align their interests with shareholders.

In February 2024, QSIX announced the appointment of Christian Daumann as Chief Executive Officer of its German operations. Christian succeeds Jörg Schwagenscheidt, who has been CEO of QSIX Germany since 2015. Christian joined QSIX from Ivanhoé Cambridge, where he spent the previous four years as Head of Investments, Germany. His appointment reflects QSIX's commitment to maintaining a strong leadership team and furthering the Company's strategic objectives in the German market.

Outlook

The outlook for our rental business remains positive, driven by structural imbalances that continue to grow. Moreover, following the introduction of the new rental table (Mietspiegel), published in May 2024, further rent increases for qualifying tenants are permissible, supporting in-place rental growth.

Buyer sentiment in the condominium market is robust, as evidenced by the acceleration in PSD's condominium sales since the first half of 2024. Against this market backdrop, the Company plans to significantly accelerate condominium sales in the future.



Robert Hingley
Chairman
25 September 2024

Report of the Property Advisor

Market backdrop – condominium values significantly more resilient than rental building values

Since the onset of the cyclical downturn in 2022, it has been evident that PSD's share price has not reflected the inherent value of the condominium potential within the Portfolio. With almost 80 per cent of the assets in the Portfolio currently split in the land registry as condominiums, it is hoped that an accelerated condominium sales strategy will help demonstrate this value.

Although there is tentative evidence to suggest that transaction volumes for Berlin PRS buildings have now begun to improve, values have yet to show any meaningful signs of recovery. To maximise shareholder returns in the medium term, the Board and QSix are therefore focused on taking advantage of the significant valuation gap that currently exists between the average per sqm value of an apartment block as a rental property (PRS) and the resale value per sqm of an apartment to a private buyer as a condominium.

This was again demonstrated in the first half of 2024 by the significant premia achieved on condominium sales. The average achieved price per sqm for all residential condominium units notarised was €4,292 representing a:

- 23 per cent premium to the average per sqm valuation of the Portfolio as a whole;
- 57 per cent premium to the valuation of the Portfolio implied by the current share price; and a
- 92 per cent premium to the two PRS building sales that were notarised during the first half of the year.

Proposed portfolio disposal and amendment of Natixis debt facility

To facilitate the Natixis debt amendment, the Company is in advanced discussions to sell a portfolio of 16 rental buildings. It is expected that the proposed sale will be structured as a share deal and represent a material discount to the June 2024 carrying value of these buildings. However, the proposed sale is an important step to securing the revised financing terms with Natixis that will unlock a step-change in permitted condominium sales at significantly higher values. More details on the terms of this transaction will be announced post completion.

The debt secured on the portfolio of properties to be sold is provided by Berliner Sparkasse. The proceeds of the proposed sale will allow all Berliner Sparkasse debt to be repaid in full and, in addition to the 16 buildings sold, a further two properties, against which the Berliner Sparkasse debt was secured, will become unencumbered. These assets will be pledged as additional collateral to Natixis, lowering the LTV and increasing the debt yield on the current Natixis debt facility, thus allowing the increase in the number of condominium buildings permitted to be sold at any one time from 6 to 40.

Although the Company does not rule out further rental building disposals, the sharply contrasting pricing dynamics which currently exist in the condominium and rental building markets indicate that a disposal process which is focussed on condominium sales will ultimately return significantly more capital to shareholders than the alternative of selling rental buildings.

Cash released for condominium capital expenditure

The proposed portfolio sale will additionally release sufficient cash to implement capital expenditure to optimise the sales values of units designated for disposal as condominiums. Shortlisted assets have been subjected to a detailed technical assessment by our asset management team to identify capital expenditure requirements and the time required to prepare units for sale. Assets that are ready for sale have been prioritised. It is expected that, following completion of the Natixis debt amendment, an additional 10 properties will be made available for sale during Q4 2024, with marketing of a further 24 assets planned to start in H1 2025.

Engagement of leading condominium sales specialists to accelerate sales process

Execution of the accelerated condominium sales plan will see a twelvefold increase in the number of condominium units that can be made available for sale to c.900. This will require a significant increase in resources to prepare, market and sell units. To facilitate this, the Company plans to partner with leading specialist condominium sales platforms. These platforms will significantly broaden the market reach, particularly internationally, of condominium marketing activities. In conjunction with the Property Advisor, brokers have already completed site visits and provided an assessment of each building's potential market price for vacant and let units. On average, it is forecast that an average value per sqm of approximately €5,000 can be achieved for vacant units and €3,500 for tenanted units.

Intention to refinance Natixis debt ahead of maturity in September 2026

It is the intention of the Company to refinance the amended Natixis debt facility ahead of its expiry in September 2026, after which surplus capital from the condominium sales process is expected to be available for distribution to shareholders. In the meantime, PSD is required to prioritise the repayment of debt.

The reduction in overall leverage that will result as a consequence of accelerated condominium sales should allow refinancing to take place on more favourable terms than would be the case if the Company were to undertake a full refinancing in the current market.



Financial highlights for the six-month period to 30 June 2024

€ million (unless otherwise stated)	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023	Year to 31 December 2022
Gross rental income	14.2	13.8	27.5	25.9
Investment property fair value (loss)	(25.1)	(57.3)	(97.3)	(42.2)
(Loss) before tax (PBT)	(24.1)	(58.0)	(118.8)	(17.5)
Reported EPS (€)	(0.21)	(0.51)	(1.07)	(0.17)
Investment property value	646.4	714.3	675.6	775.9
Net debt (Nominal balances) ¹	300.1	305.0	313.0	303.3
Net LTV (%) ¹	46.4	42.7	46.3	39.1
IFRS NAV per share (€)	3.22	3.99	3.43	4.50
IFRS NAV per share (£) ²	2.73	3.43	2.97	3.99
EPRA NTA per share (€)	3.68	4.46	3.96	5.10
EPRA NTA per share (£) ²	3.12	3.99	3.43	4.52
Dividend per share (€ cents)	–	–	–	2.35
Dividend per share (£ pence)	–	–	–	2.09
€ EPRA NTA per share total return for period (%)	(7.1)	(12.5)	(22.4)	(8.4)
£ EPRA NTA per share total return for period (%)	(8.9)	(15.2)	(24.0)	(3.2)

1 Net LTV and net debt uses nominal loan balances as per note 16 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 Calculated at FX rate GBP/EUR 1:1.178 as 30 June 2024.

Revenue for the six-month period was €14.2 million (six months to 30 June 2023: €13.8 million). The Company recorded a loss before tax of €24.1 million (six months to 30 June 2023: loss before tax €58.0 million), reflecting the non-cash impact of a revaluation loss of €25.1 million (six months to 30 June 2023: revaluation loss of €57.3 million).

Property expenses fell by 13.1 per cent compared to the same period last year. The primary driver of this was a 34 per cent decline in the Property Advisor's fees and

expenses. Reported loss per share for the period was €21 cents (30 June 2023: €51 cents).

Reported EPRA NTA per share declined by 7 per cent in the first half of 2024 to €3.68 (£3.12) (31 December 2023: €3.96 (£3.43)). The € EPRA NTA total return in the first half of 2024 was (7.1) per cent ((H1 2023: (12.5) per cent)). The £ EPRA NTA total return for the same period was (8.9) per cent, reflecting a strengthening of the £ against the € during the first six months of the year.

Portfolio valuation and breakdown

	30 June 2024	30 June 2023	31 December 2023	31 December 2022
Total sqm ('000)	186.0	186.5	187.8	188.8
Valuation (€m)	646.4	714.3	675.6	775.9
Like-for-like valuation (decline)/growth (%)	(3.3)	(6.9)	(11.9)	(3.1)
Value per sqm (€) ¹	3,480	3,808	3,598	4,082
Fully occupied gross yield (%)	3.5	3.3	3.3	3.0
Number of buildings	93	94	95	96
Residential units	2,472	2,477	2,489	2,553
Commercial units	138	137	140	135
Total units	2,610	2,614	2,629	2,688

1 Value per sqm provided by JLL based on portfolio valuation excluding assets under construction of €5.3 million in 2022.



Report of the Property Advisor continued

Like-for-like decline in Portfolio valuation of 3.3 per cent

During the first half of the financial year, buyer sentiment and transaction volumes within the Berlin residential market continued to be negatively affected by a high interest rate backdrop. As at 30 June 2024, the Portfolio was valued at €646.4 million, which represents an average value per sqm of €3,480 and a gross fully occupied yield of 3.5 per cent. Included within the Portfolio are six multi-family properties valued as condominiums, with an aggregate value of €29.6 million (30 June 2023: seven properties; €39.2 million).

On a like-for-like basis, after adjusting for the impact of disposals, the Portfolio valuation declined by 3.3 per cent during the half year to 30 June 2024, reflecting an increase in market yields, partially offset by rental growth. This compares with a decline of 6.8 per cent in the first half of 2023 and a decline of 5.3 per cent second half of 2023. Cumulatively, the like-for-like decline in the Portfolio valuation since the peak, of 30 June 2022, is 19.2 per cent.

Like-for-like rental income per sqm growth of 3.2 per cent

Annualised net rental income grew by 3.4 per cent to €22.4 million in the twelve-month period to 30 June 2024. Adjusting for disposals, like-for-like rental income grew over the same period by 3.4 per cent, driven by like-for-like rental income per sqm growth of 3.2 per cent to €10.5 (30 June 2023: 3.8 per cent, €10.2), and a slight reduction in vacancies.

Following the release on 30 May 2024 of the new Berlin Mietspiegel (rent table), it is expected that the impact on annualised like-for-like rent (per sqm) across the entire Portfolio will be approximately 2 per cent. Where applicable, the Company will notify qualifying tenants of any upward revisions to future monthly rental payments, with increases expected to become effective from September 2024, thereby contributing to rental growth in the second half of the year and into 2025.

The Company has always managed rent-to-income multiples for new tenants conservatively and, notwithstanding current cost of living pressures and the weakness in the broader German economy, rent-to-income multiples have remained stable.

Rental income and vacancy rate

	30 June 2024	30 June 2023	31 December 2023	31 December 2022
Total sqm ('000)	186.0	186.5	187.8	188.8
Annualised Net Rental Income (€m)	22.4	21.7	22.3	21.4
Net Cold Rent per sqm (€)	10.5	10.2	10.4	10.0
Like-for-like rent growth (%)	3.4	5.6	5.6	6.1
Like-for-like rent per sqm growth (%)	3.2	3.8	4.1	3.9
Vacancy (%)	4.6	5.2	5.0	6.2
EPRA Vacancy (%)	1.4	2.7	2.0	2.4

Berlin residential reversionary re-letting premium steady at 33 per cent

Conditions across the Berlin rental market remain strong, with supply-demand imbalances at their widest in recent memory, leading to record market rents. During the six months to 30 June 2024, 120 new leases were signed, representing a letting rate of approximately 4.7 per cent of rental units. The average premium to passing rents for residential re-lets was 33.0 per cent, or €13.8 per sqm, a new record high, and a 3.8 per cent increase versus H1 2023.

EPRA vacancy of 1.4 per cent at a record low

Reported vacancy as at 30 June 2024 was 4.6 per cent (30 June 2023: 5.2 per cent). On an EPRA basis, which adjusts for units undergoing development and made available for sale, the vacancy rate was 1.4 per cent (30 June 2023: 2.7 per cent). EPRA vacancy is expected to remain at historically low levels, given the ongoing supply-demand imbalance for rental property in Berlin.





EPRA Net Initial Yield (NIY)

All figures in €'000 unless otherwise stated

	30 June 2024	30 June 2023	31 December 2023	31 December 2022
Investment property	646.4	714.3	675.6	775.9
Reduction for NCI share and property under development	(5.2)	(5.7)	(5.5)	(12.3)
Completed property Portfolio	641.2	708.7	670.1	763.6
Estimated purchasers' costs	52.6	57.8	55.0	63.2
Gross up completed property Portfolio valuation	693.8	766.5	725.1	826.8
Annualised cash passing collected rental income	22.4	21.7	22.3	21.4
Property outgoings	(3.8)	(3.7)	(3.8)	(3.6)
Annualised collected net rents	18.6	18.0	18.6	17.8
EPRA NIY (%)	2.7	2.3	2.6	2.1

EPRA Capital Expenditure

All figures in €'000 unless otherwise stated

	Six months to 30 June 2024	Six months to 30 June 2023	Year to 31 December 2023	Year to 31 December 2024
Acquisitions	–	–	5.6	11.6
Like-for-like Portfolio	2.3	2.2	5.9	7.4
Development	–	2.2	3.0	8.5
Other	0.3	0.2	0.5	0.5
Total Capital Expenditure	2.6	4.6	15.0	28.0

Investment in the Portfolio

During the first half of 2024, a total of €2.6 million was invested across the Portfolio (H1 2023: €4.6 million) and this investment is recorded as capital expenditure in the Financial Statements. A further €1.0 million (H1 2023: €0.9 million) was spent on maintaining the assets and is expensed through the profit and loss account. The Company will continue to carefully consider all elements of discretionary capital expenditure reflecting the Company's stated intention to conserve cash.

Energy-focused capital expenditure to improve values of PRS properties

Properties not part of the condominium pool will continue to operate on a PRS model, receiving targeted investment to improve their energy efficiency and raise EPC ratings to a minimum of C in the medium term.

The Company's housing stock is primarily comprised of 'Altbau' buildings, notable for their pre-World War II origins, distinctive architectural features, and historical importance. Environmental upgrades are made whilst preserving these characteristics and are centred largely on improving the efficiency of heating systems. For PSD, the solution currently offering the most potential is heating-system balancing or optimisation. The Company is planning to start testing the effectiveness of these systems in a number of its buildings before the end of this year, the results of which will feed into future refurbishment strategies.

In addition to the structural building improvements, measuring and reporting on the buildings' utility-consumption is also important. Currently, data collection is done using the physical utility invoices received for the buildings, in combination with information from meter readings. The Company is currently engaging with several smart metering suppliers to evaluate the advantages of implementing a cost-effective smart-metering solution. This initiative aims to enhance the existing manual utility-consumption data-collection process and expand its coverage.

Landlords continue to await clarity from the German Government on financial and logistical support for smart-metering systems. The Company will therefore employ a cautious approach to committing significant capital expenditure to smart-metering systems before having greater visibility over potential subsidies and cost allocation.

Report of the Property Advisor continued

Energy-focused capital expenditure is expected to enhance property values, lower running costs and, potentially, facilitate more favourable longer-term financing. By improving energy performance of these buildings, the pool of potential buyers, such as pension funds and insurance companies, should expand as market conditions improve.

The Company's commitment to making environmental improvements is also evidenced in its buildings' green electrical-supply source, and ongoing tenant engagement. The Company's property manager provides tenants with general recommendations on steps that can be taken to contribute to environmental improvements, such as in recycling and in responsible behaviour with heating, water, and electricity usage.

The evolution of regulations and targets related to carbon emissions and to the environment remains dynamic, and the Company therefore ensures that it is well positioned in its knowledge, via ad hoc updates from legal specialists and informative sample projects for information. The Company also engages with environmental consultants to remain abreast of regulatory changes and to implement best practices in sustainability, to ensure compliance with the latest environmental standards.

Whole building sales

As previously announced, during the first half of the financial year, the Company notarised for sale two properties with a combined sales price of €7.4 million. The Company marketed a significant proportion of its Portfolio as single-building sales and portfolios of apartment blocks.

As stated above, to facilitate the amendment of the existing Natixis debt, the Company is in advanced discussions to sell a portfolio of 16 rental buildings. It is expected that the proposed sale will be structured as a share deal and represent a significant discount to the June 2024 carrying value of these buildings. However, the proposed sale is critical to securing the revised refinancing that will unlock a step-change in permitted condominium sales. More details of this transaction will be announced on completion.

The Company will continue to review the possible sale of rental properties and portfolios at discounts to carrying value, where the board believes it is in shareholders' interest to do so, particularly with the aims of i) reducing overall debt levels and enhancing the Company's ability to obtain new longer-term financing on acceptable terms; and ii) providing sufficient capital for targeted investments in existing condominium properties to optimise their values.

Fully occupied gross yield as at 30 June 2024

3.5%

Upturn in condominium buyer interest

During the six months to 30 June 2024, 15 condominium units were notarised for sale for an aggregate sales price of €5.3 million (30 June 2023: eight condominiums, €2.0 million). The average achieved value per sqm for all residential units notarised was €4,292, in line with 31 December 2023 carrying value. June 2024 book values for these properties have been adjusted to reflect the agreed sales prices.

Of the 15 units notarised, eight were vacant and seven were occupied. The average achieved notarised sales price per sqm for vacant units was €4,841 and the average achieved sales price for occupied units was €3,611. Of the eight vacant units, seven were sold in either a bare shell or un-refurbished condition.

Since the end of June, four residential units have been notarised with a combined sales price of €1.2 million and a further four units, with a combined sale price of €1.7 million, have been reserved by prospective buyers.





The average price for all condominiums notarised was at a 23 per cent premium to the average per sqm valuation of the Portfolio as a whole as at 30 June 2024 and a 33 per cent premium to the valuation of the Portfolio implied by the current share price. Vacant condominiums were notarised at a 39 per cent premium to the average per sqm valuation of the Portfolio as a whole as at 30 June 2024 and a 48¹ per cent premium to the valuation of the Portfolio implied by the current share price. It is expected that vacant units will continue to represent around 50 per cent of future sales.

Debt and gearing

The Company has loan facilities with two principal lenders, Natixis and Berliner Sparkasse. The Company's interest rate hedging policy has largely negated the impact of higher interest rates on our cash borrowing costs.

As at 30 June 2024, PSD had gross borrowings of €317.9 million (31 December 2023: €324.0 million) and cash balances of €17.8 million (31 December 2023: €11.0 million), resulting in net debt of €300.1 million (31 December 2023: €313.0 million) and a net loan-to-value ratio on the Portfolio of 46.4 per cent (31 December 2023: 46.3 per cent).

The change in gross debt during the period resulted from scheduled amortisation and repayments due to condominium sales and the sale of two rental properties.

While a significant portion of PSD's debt is managed through fixed rate loans or hedging, a portion remains exposed to floating rates. As of 30 June 2024, the blended interest rate of PSD's loan book was 2.6 per cent (31 December 2023: 2.5 per cent).

Outlook

While the rental market continues to benefit from high demand and limited supply, higher interest rates and a weakening German economy are expected to continue to impact Berlin rental property transaction values.

By contrast, pricing in the condominium market is resilient. It is against this backdrop that the Company plans to materially increase condominium sales to unlock the inherent value within the Portfolio. The Company has over 1,900 units, representing almost 80 per cent of its Portfolio, already legally classified as condominiums. Completion of the proposed portfolio sale and the Natixis debt amendment will unlock a substantial increase in the number of permitted condominium sales projects, thus allowing the Company to benefit from this pricing trend.

Our condominium sales preparatory work to date will ensure that the Company is well positioned to rapidly accelerate condominium sales.

The primary goals of the acceleration in condominium sales are to reduce overall debt levels in order to enhance the Company's ability to refinance the current Natixis debt facility before its maturity in September 2026 on favourable terms and to provide capital for targeted investments into properties in order to optimise their sales value. On completion of this refinancing, surplus capital from the condominium sales process is expected to be available for distribution to shareholders. In the meantime, PSD remains required to prioritise the repayment of debt.

The Company will continue to explore the sale of whole rental properties and portfolios of buildings at discounts to their carrying value when it is considered to be in the best interests of shareholders.

1 Implied premium calculated using a share price of 175p and a Sterling/Euro exchange rate of 1:1.20.

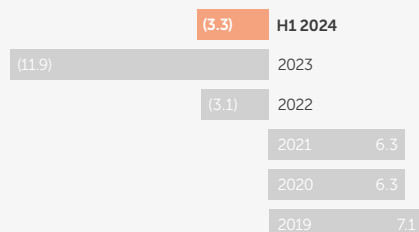
Key Performance Indicators

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

- The value of the Portfolio declined by 3.3 per cent on a like-for-like for basis for the first half of the year (H1 2023: 6.9 per cent decline).
- Like-for-like Portfolio rent per sqm increased by 3.2 per cent in the half-year to 30 June 2024 (H1 2023: 3.8 per cent).
- The EPRA vacancy of the Portfolio as at 30 June 2024 stood at 1.4 per cent (30 June 2023: 2.7 per cent).
- The Group continued with its condominium sales programme, notarising sales of €5.3 million during the half year to 30 June 2024 (H1 2023: €2.0 million).
- EPRA NTA per share declined by 7 per cent to €3.68 as at 30 June 2024 (31 December 2023: €3.96).
- No dividend was declared for H1 2024 (H1 2023 0.00 € cents per share).

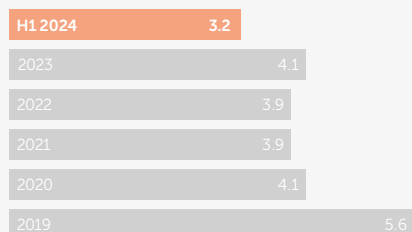
Like-for-like portfolio annual value decline/growth (%)

-3.3%



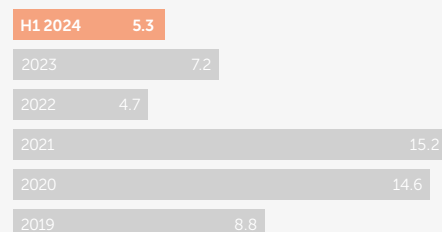
Like-for-like portfolio rent per sqm (%)

+3.2% y-o-y



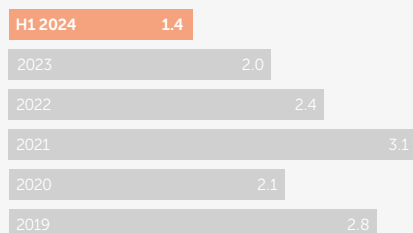
Condominium sales notarised (millions)

€5.3



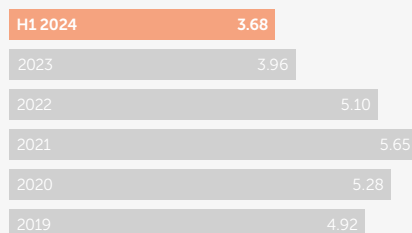
EPRA vacancy (%)

1.4%



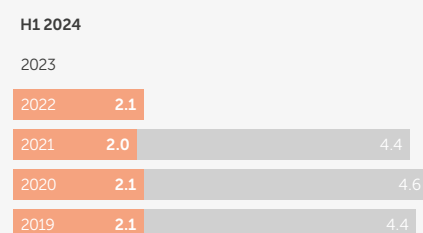
EPRA NTA per share (€)

€3.68



Dividend per share (pence)

0.00p



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 2023, capital and investment markets have continued to react cautiously to historically high interest rates and economic uncertainty more generally and sentiment in the Berlin real estate market remains weak.

The Board is currently developing its risk framework to streamline and focus the risk register. This will be explained at greater length in the forthcoming annual report. Notwithstanding this work, the principal risks considered are substantially unchanged since the date of the Annual Report for the year ended 31 December 2023, and continue to be as set out in that report. These include, but are not limited to:

- Economic and geopolitical risk;
- Financing and interest rate risk;
- Valuation risk;
- Inability to sell properties, including condominiums;
- Share price discount to NAV;
- Legal and regulatory risk;
- Tenant and tenancy law risk;
- IT and cyber security risk;
- Outsourcing risk; and
- ESG 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 give 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 25 September 2024 and the above responsibility statement was signed on its behalf by:



Robert Hingley
Director
25 September 2024



Condensed Consolidated Statement of Comprehensive Income

For the period from 1 January 2024 to 30 June 2024

	Notes	Six months ended 30 June 2024 (unaudited) €'000	Six months ended 30 June 2023 (unaudited) €'000	Year ended 31 December 2023 (audited) €'000
Continuing operations				
Revenue		14,179	13,827	27,454
Property expenses	5	(8,220)	(9,455)	(17,315)
Gross profit		5,959	4,372	10,139
Administrative expenses	6	(1,045)	(1,467)	(3,766)
Gain/(loss) on disposal of investment property (including investment property held for sale)	7	(536)	516	(4,282)
Investment property fair value (loss)/gain	10	(25,148)	(57,340)	(97,298)
Operating (loss)/profit		(20,770)	(53,919)	(95,207)
Net finance charge (before gain on interest rate swaps)	8	(4,770)	(4,470)	(9,353)
Gain/(loss) on interest rate swaps	8	1,452	349	(7,240)
Loss before taxation		(24,088)	(58,040)	(111,800)
Income tax credit/(expense)	9	3,876	11,012	13,045
Loss after taxation		(20,212)	(47,028)	(98,755)
Other comprehensive income		–	–	–
Total comprehensive (loss)/income for the period		(20,212)	(47,028)	(98,755)
Total comprehensive income attributable to:				
Owners of the parent		(19,446)	(46,614)	(98,112)
Non-controlling interests		(766)	(414)	(643)
		(20,212)	(47,028)	(98,755)
Earnings per share attributable to the owners of the parent:				
From continuing operations				
Basic (€)	20	(0.21)	(0.51)	(1.07)
Diluted (€)	20	(0.21)	(0.51)	(1.07)

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	As at 30 June 2024 (unaudited) €'000	As at 30 June 2023 (unaudited) €'000	As at 31 December 2023 (audited) €'000
ASSETS				
Non-current assets				
Investment properties	12	525,008	704,644	614,973
Property, plant and equipment		10	11	11
Other financial assets at amortised cost	14	816	816	828
Derivative financial instruments	18	10,248	16,385	8,796
Deferred tax asset		536,082	721,856	624,608
Current assets				
Trade and other receivables	15	13,492	13,714	12,834
Cash and cash equivalents		18,253	13,059	10,998
		31,745	26,773	23,832
Investment properties – held for sale	13	121,422	9,705	60,594
Total assets		689,249	758,334	709,034
EQUITY AND LIABILITIES				
Current liabilities				
Borrowings	16	1,371	1,029	1,432
Trade and other payables	17	21,698	13,568	11,990
Current tax	9	1,375	760	856
		24,444	15,357	14,278
Non-current liabilities				
Borrowings	16	314,474	313,815	319,811
Deferred tax liability	9	52,909	59,799	57,311
		367,383	373,614	377,122
Total liabilities		391,827	388,971	391,400
Equity				
Stated capital	19	196,578	196,578	196,578
Treasury shares		(37,448)	(37,448)	(37,448)
Retained earnings		136,491	207,435	155,937
Equity attributable to owners of the parent		295,621	366,565	315,067
Non-controlling interest		1,801	2,798	2,567
Total equity		297,422	369,363	317,634
Total equity and liabilities		689,249	758,334	709,034

Condensed Consolidated Statement of Changes in Equity

For the period from 1 January 2024 to 30 June 2024

	Attributable to the owners of the parent			Total €'000	Non- controlling interest €'000	Total equity €'000
	Stated capital €'000	Treasury Shares €'000	Retained earnings €'000			
Balance at 1 January 2023 (audited)	196,578	(37,448)	254,049	413,179	3,212	416,391
Loss for the period	–	–	(46,614)	(46,614)	(414)	(47,028)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the period	–	–	(46,614)	(46,614)	(414)	(47,028)
Balance at 30 June 2023 (unaudited)	196,578	(37,448)	207,435	366,565	2,798	369,363
Loss for the period	–	–	(51,498)	(51,498)	(229)	(51,727)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the period	–	–	(51,498)	(51,498)	(229)	(51,727)
Balance at 31 December 2023 (audited)	196,578	(37,448)	155,937	315,067	2,567	317,634
Loss for the period	–	–	(19,446)	(19,446)	(766)	(20,212)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the period	–	–	(19,446)	(19,446)	(766)	(20,212)
Balance at 30 June 2024 (unaudited)	196,578	(37,448)	136,491	295,621	1,801	297,422

Treasury shares comprise the accumulated cost of shares acquired on-market.

Condensed Consolidated Statement of Cash Flows

For the period from 1 January 2024 to 30 June 2024

	Notes	Six months ended 30 June 2024 (unaudited) €'000	Six months ended 30 June 2023 (unaudited) €'000	Year ended 31 December 2023 (audited) €'000
Loss before taxation		(24,088)	(58,040)	(111,800)
Adjustments for:				
Net finance charge (before loss/(gain) on interest rate swaps)	8	4,770	4,470	9,353
Loss/(gain) on interest rate swaps	8	(1,452)	(349)	7,240
Loss on disposal of investment property	7	536	(516)	4,282
Investment property revaluation loss/(gain)	10	25,148	57,340	97,298
Depreciation		25	31	55
Operating cash flows before movements in working capital		4,939	2,936	6,428
(Increase)/decrease in receivables		(658)	(3,646)	479
Increase in payables		2,210	(1,562)	456
Cash generated from/(used in) operating activities		6,491	(2,272)	7,363
Income tax paid		(7)	(157)	(516)
Net cash generated from/(used in) operating activities		6,484	(2,429)	6,847
Cash flow from investing activities				
Proceeds on disposal of investment property (net of disposal costs)		6,047	9,380	6,142
Proceeds on disposal received in advance		7,498	–	101
Interest received		41	36	55
Capital expenditure on investment property	12	(2,593)	(4,649)	(9,400)
Property additions		–	–	(4,930)
(Acquisition)/disposals of property, plant and equipment		(24)	(30)	(54)
Net cash generated from investing activities		10,969	4,737	(8,086)
Cash flow from financing activities				
Interest paid on bank loans		(4,359)	(3,779)	(8,008)
Repayment of bank loans		(5,857)	(4,821)	(5,904)
Drawdown on bank loan facilities		18	6,866	13,664
Net cash (used in) financing activities		(10,198)	(1,734)	(248)
Net increase in cash and cash equivalents		7,255	574	(1,487)
Cash and cash equivalents at beginning of period/year		10,998	12,485	12,485
Exchange gains on cash and cash equivalents		–	–	–
Cash and cash equivalents at end of period/year		18,253	13,059	10,998

Reconciliation of Net Cash Flow to Movement in Debt

For the period from 1 January 2024 to 30 June 2024

	Notes	Six months ended 30 June 2024 €'000	Six months ended 30 June 2023 €'000	Year ended 31 December 2023 €'000
Cashflow from increase in debt financing		(5,839)	2,045	7,760
Non-cash changes from increase in debt financing		441	715	1,399
Change in net debt resulting from cash flows		(5,398)	2,760	9,159
Movement in debt in the period/year		(5,398)	2,760	9,159
Debt at the start of the period/year		321,243	312,084	312,084
Debt at the end of the period/year	16	315,845	314,844	321,243

Notes to the Condensed Consolidated Financial Statements

For the period from 1 January 2024 to 30 June 2024

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 Main Market of the London Stock Exchange.

The Group invests in residential and commercial property in Germany.

The registered office is at IFC 5, St. Helier, Jersey, JE1 1ST, 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 2023.

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 2023.

The comparative figures for the financial year ended 31 December 2023 are extracted from but do not comprise, the Group's annual consolidated financial statements for that financial year.

The results presented in this report are unaudited and they have been prepared in accordance with the recognition and measurement principles of UK-adopted International Accounting Standards that are expected to be applicable to the next set of financial statements and on the basis of the accounting policies to be used in those financial statements.

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and accordingly, whilst the interim condensed consolidated financial statements have been prepared in accordance with the recognition and measurement principles of the UK-adopted International Accounting Standards, it cannot be construed as being in full compliance with the UK-adopted International Accounting Standards. The financial information contained in this announcement does not constitute statutory accounts as defined by the Companies (Jersey) Law 1991.

The interim condensed consolidated financial statements have not been audited or reviewed in accordance with International Standard on Review Engagements (UK) 2410. The consolidated financial statements for the period ended 31 December 2023 is based on the statutory accounts for the period ended 31 December 2023. The auditor reported on those accounts which were not qualified.

The interim condensed consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, will occur in the ordinary course of business.

The interim condensed consolidated financial statements were authorised and approved for issue on 26 September 2024.

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 have prepared forecasts for the Company in light of the continuing global inflationary pressures and rising interest rates, the conclusion of which was that there were no concerns. 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 2024 that are required to be adopted by the Group.

Notes to the Condensed Consolidated Financial Statements continued

For the period from 1 January 2024 to 30 June 2024

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 2024, 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 investment 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:

- 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.
- 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.
- 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 Jones Lang LaSalle GmbH ('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 2024, 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 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Property management expenses	655	720	1,431
Repairs and maintenance	952	937	1,757
Impairment charge – trade receivables	(63)	(52)	952
Service charges paid on behalf of tenants	4,651	4,759	7,370
Property Advisors' fees and expenses	2,025	3,091	5,805
	8,220	9,455	17,315

6. Administrative expenses

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Secretarial & administration fees	431	446	680
Legal & professional fees	487	913	2,872
Directors' fees	174	135	268
Bank charges	16	8	17
Loss on foreign exchange	9	(1)	9
Depreciation	25	31	55
Other income	(97)	(65)	(135)
	1,045	1,467	3,766

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

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
	Notes		
Disposal proceeds	6,664	9,514	14,229
Book value of disposals	12 (6,582)	(8,864)	(18,070)
Disposal costs	(618)	(134)	(441)
	(536)	516	(4,282)

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/(income)

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Interest income	(29)	(24)	(55)
Finance expense on bank borrowings	7,970	6,202	14,106
Net swap income	(3,171)	(1,708)	(4,698)
	4,770	4,470	9,353
Fair value (gain)/loss on interest rate swap	(1,452)	(349)	7,240
	3,318	4,121	16,593

9. Income tax (credit)/expense

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
The tax (credit)/charge for the period is as follows:			
Current tax charge	526	109	564
Deferred tax credit – origination and reversal of temporary differences	(4,402)	(11,121)	(13,609)
	(3,876)	(11,012)	(13,045)

Notes to the Condensed Consolidated Financial Statements continued

For the period from 1 January 2024 to 30 June 2024

9. Income tax (credit)/expense continued

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 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Loss before tax on continuing operations	(24,088)	(58,040)	(111,800)
Tax at German income tax rate of 15.8 per cent (2023: 15.8 per cent)	(3,812)	(9,185)	(17,664)
Income not taxable	85	(82)	677
Tax effect of losses brought forward	(149)	(1,746)	3,943
Total tax (credit) for the period/year	(3,876)	(11,012)	(13,045)

Reconciliation of current tax liabilities

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Balance at beginning of period/year	856	808	808
Tax paid	(7)	(157)	(516)
Current tax charge	526	109	564
Balance at end of period/year	1,375	760	856

Reconciliation of deferred tax

	Capital gains on properties Liability €'000	Interest rate swaps Liability €'000	Total Net Liabilities €'000
Balance at 1 January 2023	(68,382)	(2,538)	(70,920)
Charged to the statement of comprehensive income	11,176	(55)	11,121
Deferred tax liability at 30 June 2023	(57,206)	(2,593)	(59,799)
Charged to the statement of comprehensive income	1,287	1,201	2,488
Deferred tax liability at 31 December 2023	(55,919)	(1,392)	(57,311)
Charged to the statement of comprehensive income	4,632	(230)	4,402
Deferred tax liability at 30 June 2024	(51,287)	(1,622)	(52,909)

10. Investment property fair value loss/gain

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Investment property fair value loss	(25,148)	(57,340)	(97,298)

Further information on investment properties is shown in note 12.

11. Dividends

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Amounts recognised as distributions to equity holders in the period:			
No interim dividend was paid for the year ended 31 December 2023 (2022: €2.35 cents (2.02p)) per share.	–	–	–
No final dividend was paid for the years ended 31 December 2023 and 31 December 2022.	–	–	–

The Board are not proposing to declare a dividend for the first half of the year (six months to 30 June 2023: Nil cents, Nil pence).

12. Investment properties

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Fair value			
Balance at beginning of period/year	675,567	775,904	775,904
Capital expenditure	2,593	4,649	9,400
Property additions	–	–	5,631
Disposals	(6,582)	(8,864)	(18,070)
Fair value (loss)/gain	(25,148)	(57,340)	(97,298)
Investment properties at fair value – as set out in the report by JLL	646,430	714,349	675,567
Assets considered as 'Held for sale' (note 13)	(121,422)	(9,705)	(60,594)
Balance at end of period/year	525,008	704,644	614,973

The property portfolio was valued at 30 June 2024 by the Group's independent valuers, 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 of the property Portfolio 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 or loss in respect of investment property is disclosed in the condensed consolidated statement of comprehensive income as 'Investment property fair value gain or loss'.

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.

Notes to the Condensed Consolidated Financial Statements continued

For the period from 1 January 2024 to 30 June 2024

12. Investment properties continued

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

Rental scenario

'Rental scenario' properties have been valued under the Discounted Cashflow Methodology and are included in the Investment properties line in the Non-current assets section of the condensed consolidated statement of financial position. In general, the market participants are willing to pay higher prices for properties where physical and legal requirements are fulfilled and it is financially feasible to sell units individually. In these cases, the market values are still calculated on a rental basis but are adjusted to reflect the described potential increase in value. JLL calculates the market value of these assets in what is referred to as a 'Privatisation potential', which includes a deduction to the rental scenario discount rate for each completed step met when transitioning from the Rental Scenario to the Condominium Scenario. Properties expected to be sold in the coming year from these assets are considered held for sale under IFRS 5 and can be seen in note 13.

Condominium scenario

Included in this valuation scenario are properties that have the potential or the benefit of all relevant permissions required to sell apartments individually (condominiums), and have been approved for sale by the Board. Units expected to be sold in the coming year from these assets are considered held for sale under IFRS 5 and can be seen in note 13. The market value of the Privatisation potential of these assets is reported under this Condominium Scenario.

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 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Rental scenario	609,450	675,193	614,973
Condominium scenario	29,580	37,745	57,610
Disposal scenario	7,400	1,411	2,984
Total	646,430	714,349	675,567

13. Investment properties – Held for sale

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Fair value – held for sale investment properties			
At beginning of period/year	60,594	14,527	14,527
Transferred from investment properties	108,312	3,650	58,496
Transferred to investment properties	(38,800)	–	0
Capital expenditure	304	558	481
Properties sold	(6,582)	(8,864)	(12,767)
Valuation (loss) on assets held for sale	(2,406)	(166)	(143)
At end of period/year	121,422	9,705	60,594

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. Other financial assets at amortised cost

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Non-current			
Balance at beginning of period/year	828	828	828
Repayment of loan interest	(24)	(24)	(24)
Accrued interest	12	12	24
Balance at end of period/year	816	816	828

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 cent 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.

15. Trade and other receivables

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Current			
Trade receivables	716	827	759
Less: impairment provision	(234)	(321)	(297)
Net receivables	482	506	462
Prepayments and accrued income	905	618	235
Service charges receivable	9,911	9,530	6,797
Other receivables	2,194	3,060	5,340
	13,492	13,714	12,834

16. Borrowings

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Current liabilities			
Bank loans – NATIXIS Pfandbriefbank AG ¹	343	228	405
Bank loans – Berliner Sparkasse	1,028	801	1,027
	1,371	1,029	1,432
Non-current liabilities			
Bank loans – NATIXIS Pfandbriefbank AG ²	257,279	253,850	260,502
Bank loans – Berliner Sparkasse	57,195	59,965	59,309
	314,474	313,815	319,811
	315,845	314,844	321,243

1 Nominal value of the borrowings as at 30 June 2024 was €1,355,000 (31 December 2023: €1,419,000, 30 June 2023: €1,240,000).

2 Nominal value of the borrowings as at 30 June 2024 was €258,493,000 (31 December 2023: €262,218,000, 30 June 2023: €256,074,000).

For further information on borrowings, refer to the management report on page 10.

Notes to the Condensed Consolidated Financial Statements continued

For the period from 1 January 2024 to 30 June 2024

17. Trade and other payables

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Trade payables	3,004	3,868	4,033
Accrued liabilities	1,743	1,283	1,601
Service charges payable	9,453	8,417	6,255
Advanced payment received on account	7,498	–	101
	21,698	13,568	11,990

18. Derivative financial instruments

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Interest rate swaps – carried at fair value through profit or loss			
At beginning of period/year	8,796	16,036	16,036
(Loss)/gain in movement in fair value through profit or loss	1,452	349	(7,240)
At end of period/year	10,248	16,385	8,796

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2024 were €230,683,750 (December 2023: €231,049,375, June 2023: €230,098,750). At 30 June 2024 the fixed interest rates vary from 0.775 per cent to 3.210 per cent (December 2023: 0.775 per cent to 3.210 per cent, June 2023: 0.775 per cent to 3.210 per cent) above the main factoring Euribor rate.

Maturity analysis of interest rate swaps

	30 June 2024 €'000	30 June 2023 €'000	31 December 2023 €'000
Between 2 and 5 years	10,248	16,385	8,796
	10,248	16,385	8,796

19. Stated capital

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Issued and fully paid:			
At reporting date	196,578	196,578	196,578
	196,578	196,578	196,578

The number of shares in issue at 30 June 2024 was 100,751,410 (including 8,924,047 as Treasury Shares), 31 December 2023: 100,751,410 (including 8,924,047 as Treasury Shares), 30 June 2023: 100,751,410 (including 8,924,047 as Treasury Shares).

20. Earnings per share

	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the parent (€'000)	(19,446)	(46,614)	(98,112)
Weighted average number of ordinary shares for the purposes of basic earnings per share (Number)	91,827,363	91,827,363	91,827,363
Effect of dilutive potential ordinary shares (Number)	–	–	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share (Number)	91,827,363	91,827,363	91,827,363
Earnings per share (€)	(0.21)	(0.51)	(1.07)
Diluted earnings per share (€)	(0.21)	(0.51)	(1.07)

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

	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Net assets (€'000)	295,621	366,565	315,067
Number of participating ordinary shares	91,827,363	91,827,363	91,827,363
Net asset value per share (€)	3.22	3.99	3.43

EPRA NTA

	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Net assets (€'000)	295,621	366,565	315,067
Add back deferred tax assets and liabilities, derivative financial instruments and share based payment reserves (€'000)	42,661	43,414	48,515
EPRA NTA (€'000)	338,282	409,979	363,582
EPRA NTA per share (€)	3.68	4.46	3.96

22. 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; and
- Derivative financial instruments.

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

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Held at amortised cost			
Trade and other receivables – current	12,587	13,096	12,599
Cash and cash equivalents	18,255	13,061	10,998
Loans and receivables	816	816	828
	31,658	26,973	24,425
Fair value through profit or loss			
Derivative financial asset – interest rate swaps	10,248	16,385	8,796
	10,248	16,385	8,796
	41,906	43,358	33,221

Notes to the Condensed Consolidated Financial Statements continued

For the period from 1 January 2024 to 30 June 2024

22. Financial instruments continued

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

	30 June 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Held at amortised cost			
Borrowings payable: current	1,371	1,029	1,432
Borrowings payable: non-current	314,474	313,815	319,811
Trade and other payables	21,698	13,568	11,990
	337,543	328,412	333,233
Fair value through profit or loss			
Derivative financial liability – interest rate swaps	–	–	–
	–	–	–
	337,543	328,412	333,233

Fair value of financial instruments

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 September 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 2024 (unaudited) €'000	30 June 2023 (unaudited) €'000	31 December 2023 (audited) €'000
Financial (liabilities)/assets			
Interest rate swaps – Level 2 – current	–	–	–
Interest rate swaps – Level 2 – non-current	10,248	16,385	8,796
	10,248	16,385	8,796

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

23. 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 2024, an amount of €2,019,859 (€2,016,817 Management Fees and €3,042 Other expenses and fees) (December 2023: €5,805,068 (€5,720,759 Management fees and €84,309 Other expenses and fees), June 2023: €3,262,874 (€3,219,011 Management Fees and €43,863 Other expenses and fees)) was payable to QSix Residential Limited. At 30 June 2024 €40,235 (December 2023: €1,259,889, June 2023: €1,315,162) was outstanding.

Apex Financial Services (Alternative Funds) Limited, the Company's administrator provided administration and company secretarial services to PSDL and its subsidiaries in 2024. For the six month period ended 30 June 2024, an amount of €335,467 (December 2023: €680,000, June 2023: €307,602) was payable to Apex Financial Services (Alternative Funds) Limited. At 30 June 2024 €Nil (December 2023: €Nil, June 2023: €8.730) was outstanding.

Dividends paid to Directors in their capacity as a shareholder amounted to €Nil (December 2023: €Nil, June 2023: €Nil).

24. Events after the reporting date

During the reporting period, the Company had exchanged contracts for the sale of two residential buildings for a consideration of €7.4 million, both have subsequently completed in Q3 2024.

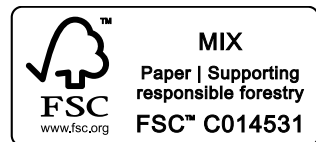
Since the reporting date, the Company has exchanged contracts for the sale of four condominium units for a total value of €1.2 million and one commercial unit with a value of €230k. Furthermore, the Company has completed the sale of five residential units to the value of €1.4m.

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 IFC 5 St. Helier Jersey JE1 1ST
Registrar	Link Asset Services (Jersey) Limited IFC 5 St. Helier Jersey JE1 1ST
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 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 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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