



JadeHawk
Capital

JadeHawk Capital

Société à responsabilité limitée

**Interim annual accounts
as at 31 August 2023**

Registered office : L-2529 Howald
45 rue des Scillas

RCS Luxembourg : B223318

Interim annual accounts as at 31 August 2023

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Management Report

For the period
01/03/2023 to 31/08/2023

Results of operations

In the period under review from March 1, 2023 to August 31, 2023, a loss of EUR 2.1 million was generated compared to a profit of EUR 4.7 million in the same period of the previous year. This is primarily due to significant write-downs of EUR 3.4 million made by management due to market changes and new information received on the underlying fund properties. Sales proceeds totaling EUR 1.2 million were generated (previous year: EUR 8.8 million). Regular distributions from rental income in the amount of EUR 1.2 million (previous year: EUR 1.2 million) equally made a positive contribution.

Financial position

Liabilities of EUR 14.5 million as of August 31, 2023 have increased by EUR 1.6 million (+11%) since February 28, 2023. In addition to the proceeds from the issue of the 2022/2027 bond (outstanding volume as at 31.08.2023: EUR 7.6 million), loans of EUR 3.3 million were taken out to finance further purchases.

Cash flow from financing activities was positive at EUR 0.9 million during the reporting period. In addition, there was a positive net cash inflow from operating activities of EUR 0.1 million. Cash and cash equivalents therefore increased by EUR 1.0 million to EUR 1.6 million in the reporting period.

Balance sheet

Total assets as of August 31, 2023 amounted to EUR 25.1 million and at a similar level as on February 28, 2023 (-1.7%). Taking into account the equity-replacing shareholder loans, the equity ratio amounts to 47.3% as of 31/08/2023.

Forecast report

Throughout the reporting period, interest rates have increased further to the highest level in 20 years to combat the surge in inflation. This in turn has had a strong effect on the real estate markets where transaction volume and prices have strongly decreased.

With the majority of the company's investments being in real estate, a two-fold effect is forecasted. It is generally expected that less sales transactions will take place and those that will be executed are expected to yield lower exit prices than formerly anticipated. The company therefore expects a significant reduction in sales proceeds and net income for the current fiscal year 2023/2024 compared with the previous fiscal year. As a result, the company will put a strong emphasis on value creating asset management strategies given the longer than expected hold periods.

Distributions from rental income are forecasted to decrease as these proceeds shall be used to execute the asset management strategies, i.e. capital expenditures in assets to bring in new or retain existing tenants. In terms of portfolio mix, the company intends to decrease the share attributable to office buildings and shift stronger towards residential and hotels. With real estate prices coming down, the company will also consider potential direct real estate investments.

Opportunity and risk report

A detailed description of the risks is contained in the securities prospectus for the bond 2022/2027 (ISIN: DE000A3KWK17). There were no significant changes in the reporting period.

The most significant risk the company is facing is a further increase in interest rates. Whilst this will not influence capital costs due to long term financings that are in place, the company believes a further increase in interest rates will continue to negatively affect the real estate market, both in terms of values and transaction volume. Given that 90% of the company's portfolio is backed by underlying real estate, a further deterioration of market values can have a significant impact. When disregarding the interest rate effects, the real estate market fundamentals remain strong. Especially the surge in inflation has increased the attractiveness of real estate investments. The company is closely monitoring developments on the real estate markets and will make adjustments to the portfolio composition of existing investments if necessary. Currency risk is deemed very low, given that the exposure to non-EUR investments remains at less than 2.5% of the company's portfolio.

The company sees significant opportunities for future development in the increased general uncertainty arising from the Russia-Ukraine conflict and above all inflation and the impact on the general economic situation. It can be assumed that the willingness of investors to sell will increase significantly and that the company will therefore be able to buy at even better prices. Further, the company will explore direct real estate investments.

Further matters of the company

The company does not engage in any activities in research and development and no branches of the company exist. In the period from 01.03.2023 to 31.08.2023, the company has not acquired any shares of its own and does not hold any financial instruments.

Howald, 05.12.2023

Jean-Philippe Mersy

Jan Duedden

Interim balance sheet in EUR as at 31 August 2023

ASSETS	Reference(s)	01.03.2023 31.08.2023	01.03.2022 28.02.2023
C. Fixed assets		16,979,307.63	19,108,817.11
II. Tangible assets	2.2.2	2,274.47	3,147.95
III. Financial assets	2.2.3 & 3	16,977,033.16	19,105,669.16
D. Current assets		8,162,593.48	6,444,572.40
II. Debtors	2.2.4	6,542,997.33	5,851,997.97
a) becoming due and payable within one year		71,515.88	54,967.09
b) becoming due and payable after more than one year		6,471,481.45	5,797,030.88
IV. Cash at bank and in hand	2.2.5	1,619,596.15	592,574.43
E. Prepayments	2.2.6	-	30,910.16
TOTAL (ASSETS)		25,141,901.11	25,584,299.67

The accompanying notes form an integral part of these annual accounts.

Interim balance sheet in EUR as at 31 August 2023

CAPITAL, RESERVES AND LIABILITIES		Reference(s)	01.03.2023 31.08.2023	01.03.2022 28.02.2023
A.	Capital and reserves		10,677,909.03	12,741,931.69
I.	Subscribed capital	4	3,000,000.00	3,000,000.00
IV.	Reserves	5	223,237.03	1,200.00
V.	Profit or loss brought forward	6	9,518,694.66	5,299,991.04
VI.	Profit or loss for the financial year	6	(2,064,022.66)	4,440,740.65
C.	Creditors	2.2.7	14,463,992.08	12,842,367.98
a)	becoming due and payable within one year		5,229,948.54	2,424,952.21
b)	becoming due and payable after more than one year		9,234,043.54	10,417,415.77
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			25,141,901.11	25,584,299.67

The accompanying notes form an integral part of these annual accounts.

**Interim profit and loss account in EUR for the period from 1st March 2023
to 31st August 2023**

PROFIT AND LOSS ACCOUNT	Reference(s)	01.03.2023 31.08.2023	01.03.2022 31.08.2022
1. to 5. Gross profit or loss		(556,908.87)	(599,309.07)
6. Staff costs	7	-	(2,145.27)
a) Wages and salaries		-	(1,907.50)
b) Social security costs		-	(237.77)
i) relating to pensions		-	(152.60)
ii) other social security costs		-	(85.17)
7. Value adjustments		(873.48)	(873.47)
a) in respect of formation expenses and of tangible and intangible fixed assets		(873.48)	(873.47)
10. Income from other investments and loans forming part of the fixed assets		2,361,991.43	6,551,461.87
b) other income not included under a)		2,361,991.43	6,551,461.87
11. Other interest receivable and similar income		114,715.04	143,502.96
b) other interest and similar income		114,715.04	143,502.96
13. Value adjustments in respect of financial assets and of investments held as current assets		(3,440,411.45)	-
14. Interest payable and similar expenses		(513,978.40)	(468,292.27)
b) other interest and similar expenses		(513,978.40)	(468,292.27)
16. Profit or loss after taxation		(2,035,465.73)	5,624,344.75
17. Other taxes not shown under items 1 to 16		(28,556.93)	(905,700.00)
18. Profit or loss for the financial year	6	(2,064,022.66)	4,718,644.75

The accompanying notes form an integral part of these annual accounts.

Notes to the interim annual accounts as at 31 August 2023

Note 1 - General information

JadeHawk Capital (hereinafter "The Company") was incorporated on 26 March 2018 and is organized under the laws of Luxembourg as a Société à responsabilité limitée for an unlimited period.

The registered office of the Company is established at 45 rue des Scillas L-2529 Howald.

The Company's financial year starts on 1st March and ends on 28th February of each year.

The object of the Company is the acquisition, the management, the enhancement and the disposal of participations in whichever form in domestic and foreign companies. The company may also contract loans and grant all kinds of support, loans advances and guarantees to companies, in which it has a direct or indirect participation.

Furthermore, the Company may acquire and dispose of all other securities by way of subscription, purchase, exchange, sale or otherwise. It may also acquire, enhance and dispose of patents and licences as well as rights deriving therefrom or supplementing them.

In addition, the Company may acquire, manage, enhance and dispose of real estate located in Luxembourg or abroad.

In general, the Company may carry out all commercial, industrial and financial operations, whether in the area of securities or of real estate, likely to enhance or to supplement the above-mentioned purposes.

JadeHawk Capital S.à r.l. is an AIFM, which has been registered on February 10th, 2022 with the CSSF in accordance with Article 3(3)a) of the amended Luxembourg law of 12 July 2013 on alternative investment fund managers, with retroactive effect to 1st June 2021

Note 2 - Summary of significant accounting policies

Note 2.1 - Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 as amended, determined and applied by the Board of Managers.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise their judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the interim annual accounts as at 31 August 2023

Note 2.2 - Significant accounting policies

The main valuation rules applied by The Company are the following:

Note 2.2.1 - Foreign currency translation

The Company maintains its accounting records in Euro and the annual accounts are prepared in this currency.

Note 2.2.2 - Tangible fixed assets

Tangible fixed assets are valued at purchase price including the expenses incidental thereto or at production cost. Tangible fixed assets are depreciated over their estimated useful economic lives.

The depreciation rates and methods applied are as follows:

	Taux d'amortissement	Méthode d'amortissement
Other fixtures and fittings, tools and equipment	20,00%	Linear

Where The Company considers that a tangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.3 - Financial assets

Securities and other non-derivative financial instruments held as fixed assets are valued at purchase price including the expenses incidental thereto. Loans and claims held as fixed assets are valued at nominal value.

In case of durable depreciation in value according to the opinion of Board of Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments may not be continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.4 - Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.5 - Cash at bank and in hand

Cash at bank and in hand is valued at nominal value.

Note 2.2.6 - Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

Notes to the interim annual accounts as at 31 August 2023

Note 3 - Financial fixed assets

The movements for the year are as follows:

	Securities held as fixed assets	Loans and receivables	Total
	EUR	EUR	EUR
Gross book value - opening balance	20,319,835.04	1,600.00	20,321,435.04
Additions for the year	1,311,775.45	-	1,311,775.45
Disposals for the year	-	-	-
Transfers for the year	-	-	-
Gross book value - closing balance	21,631,610.49	1,600.00	21,633,210.49
Accumulated value adjustment - opening	(1,215,765.88)	-	(1,215,765.88)
Allocations for the year	(3,440,411.45)	-	(3,440,411.45)
Reversals for the year	-	-	-
Transfers for the year	-	-	-
Accumulated value adjustment - closing	(4,656,177.33)	-	(4,656,177.33)
Net book value - closing balance	16,975,433.16	1,600.00	16,977,033.16
Net book value - opening balance	19,104,069.16	1,600.00	19,105,669.16

Note 4 - Subscribed capital

The subscribed capital amounts to EUR 3,000,000.00 and is divided into 12.00 shares with a nominal value of EUR 250,000.00 fully paid up.

As of 31 August 2023, there are no beneficial units, convertible bonds and similar securities or rights.

Note 5 - Reserves

Note 5.1 - Legal Reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Notes to the interim annual accounts as at 31 August 2023

Note 6 - Movements for the year on the reserves and profit and loss items

The movements for the year are as follows:

	Legal reserve	Profit or loss brought forward	Profit or loss for the financial year
	EUR	EUR	EUR
As at 28/02/2023	1,200.00	5,299,991.04	4,440,740.65
Movements for the year:			
Allocation of previous year's profit or loss	222,037.03	4,218,703.62	(4,440,740.65)
Profit or loss for the year	-	-	(2,064,022.66)
As at 31/08/2023	223,237.03	9,518,694.66	(2,064,022.66)

Note 7 - Staff

There were no staff employed during the year.

Note 8 - Advances and loans granted to the members of the management and supervisory bodies

No commitment or guarantee has been taken on behalf of the members of the administrative, managerial and supervisory bodies.

Note 9 - Off-balance sheet commitments

The Company has no off-balance sheet commitments at 31 August 2023

Note 10 - Subsequent events

There aren't any subsequent events at the closing date of 31 August 2023 on the situation of The Company.

CASH FLOW STATEMENT**Direct Method**

		EUR 01.03.2023 31.08.2023	EUR 01.03.2022 31.08.2022
I. Operating Activities			
Cash used for investments	Note 3	(1'311'775)	(5'415'666)
Cash received from the sales of investments		1'207'220	8'807'283
Employee compensation		-	(1'397)
Income received from investments		1'154'771	1'247'872
Suppliers paid		(566'264)	(579'984)
Tax advance paid/received		(2'408)	(2'967)
Tax and social security debts paid		(185'405)	(4'332)
Internal transfer		-	-
Foreign currency exchange		243	12'813.16
Other operating expenses paid		(182'216)	(25'241)
Net cash from operating activities		114'167	4'038'382
II. Investing Activities			
Net cash from investing activities		-	-
III. Financing Activities			
New bonds (including interest)		(278'740)	7'582'456
New loan (including interest)		3'246'248	-
New short term lending (including interest)		(560'000)	(980'000)
Payments of short term receivables (including interest)		(11'703)	282'463
New long term borrowing (including interest)		-	3'050'000
Payments of long term debt (including interest)		(1'226'150)	(9'364'698)
New short term borrowing (including interest)		-	1'000'000
Payments of short term debt (including interest)		(256'800)	(3'694'078)
Net cash from financing activities		912'855	(2'123'857)
Beginning Cash Balance		592'574	2'481'293
Ending Cash Balance		1'619'596	4'395'818