Hili Properties p.l.c.

Report & Financial Statements

31 December 2021

Contents

Directors, officer and other information

Directors:	Pier Luca Demajo Georgios Kakouras David Aquilina Peter Hili Geoffrey Camilleri (resigned 4 January 2021) Eddy Vermeir (appointed 4 January 2021) Laragh Cassar
Secretary:	Melanie Miceli Demajo (resigned on 31 January 2022) Laragh Cassar (appointed 1 February 2022)
Registered office:	Nineteen Twenty -Three, Valletta Road, Marsa MRS 3000 Malta.

Country of incorporation:	Malta
Company registration number:	C 57954
Auditor:	Grant Thornton, Fort Business Centre Triq L-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta
Bankers:	Bank of Valletta p.l.c., BOV Centre, St. Venera, Malta
	HSBC Bank Malta p.l.c., HSBC Head Office, Mill Street, Qormi, Malta
	Swedbank AB, Balasta dambis 1A, LV-1048 Riga, Latvia
	Luminor Bank AS, Skanstes iela 12, Vidzemes priekðpilsçta, LV-1013 Riga, Latvia
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	Banca Comerciala Romana Calea Victoriei nr.15, Sector 3, 030023, Bucharest Romania
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Legal advisor:	GVZH Advocates, 192, Old Bakery Street, Valletta, Malta

Chairman's Statement
For the year ended 31 December 2021

2021 was a landmark year for Hili Properties plc. The company successfully raised more than 27 million euros from its first Initial Public Offering, which are being successfully deployed as per the plan presented in our prospectus.

On behalf of the company, I would like to take this opportunity to thank all those shareholders who showed faith in the business through their investment.

Throughout the year we focused our efforts in perusing our overall business purpose - the acquisition and management of strategic diversified low-risk real-estate assets in order to provide stable returns to shareholders through long-term contracted cash flows and asset appreciation. As you will see from this report we are progressing well in the achievement of our targets and find ourselves ahead of what was originally forecasted.

Good governance, proper risk management and efficient decision making were at the centre of the board's 13 board meetings as the members discussed and gave direction on matters such as the COVID pandemic, our IPO, analysis and acquisitions, and much more.

Our Audit committee was also extremely active as through its many sessions it ensured that due process was applied to all our transactions.

Overall, the vision and varied expertise of each of our members, coupled with professional follow-through by the executive team has produced the good results seen in this report, but more importantly, has laid healthy foundations for the growth that is to be achieved in the coming years.

Pier Luca Demajo

27 th April 2022

CEO Statement
For the year ended 31 December 2021

Overview

2021 was another successful year in which the high quality of our properties demonstrated the strong fundamentals of our portfolio. Our business remained yet again largely insulated from the effects of COVID-19 induced lockdowns while the in-depth market understanding of the countries we operate, kept us on track with our plans. Our strong focus on tenant satisfaction and proactive revenue management helped us deliver resilient performance generating *Eur 8,240,539* of revenues.

Through our Initial Public Offering in 2021 we raised more than 27 million euros , an equity issue that is a pivotal part of our strategy for Hili Properties. I would like to sincerely thank every investor both retail and corporate for the trust, in our business model and our team.

Performance 2021 – Core business

Having already taken the necessary precautions in valuing all our properties in 2020, the current financial year was initially planned to be a normalised year. Over the course of 2020 our tenants across the Baltics and Romania had just started experiencing the effects of the pandemic, whereby forced closures from the resident governments had been imposed on them. We stayed connected and ensured constant communication with all our tenants, while we maintained uninterrupted onsite support to ensure that where possible operations were not stalled. We provided discounts supporting tenants that were severely affected, driven by our tenant retention strategy.

Discounts provided for the financial year 2021, were adjusted accordingly as situation started improving in our shopping malls and offices towards the end of the year, thereby reflecting an increase in revenues from rental income in 2021 over the preceding year. It is also worth mentioning that the number of revenues generating properties in 2021 was less than the number of properties generating rental income in 2020, whereby towards the end of the previous financial year we disposed of a subsidiary in the Baltics for which revenues accounted to around *Eur145,000.*

Earnings before Interest, tax and depreciation (EBITDA) for the current year amount to *Eur4,903,707* as compared to our projected numbers in the published 2021 Financial analysis Summary of *Eur4,821,000.* The improvement in the then forecasted figures arises due to less discounts provided to our tenants, and also indexation of rental agreements.

When comparing our EBITDA to the previous financial year, we are reporting a marginal decline of around *Eur235,000* . This decline is mainly attributable to one off expense incurred in respect of our IPO carried out towards the end of the year.

For the second consecutive year, all our properties have been revalued by independent valuators for which a net uplift of *Eur2,124,055* was recorded for our investment properties. The additional uplift in value of investment property is arising from real estate assets residing in Malta and in the Baltics. Naturally the net increase in the current year is lower than the net uplifts in the preceding year which explains the decline in net profits from *Eur5,212,208* in 2020 to *Eur3,759,648* in the current year.

Acquisitions and Strategy

Towards the end of the year, we successfully acquired a newly constructed 19,000 square meter, industrial asset, built on a 55,000 square meter plot, located within the Klaipeda Free Economic Zone, in Lithuania.

This real estate joins our current holding of shopping centres and restaurants in the Baltic states and fits our strategy to diversify our portfolio and our tenant mix. This property, which houses an international blue-chip tenant with the latest technology in production facilities, presents us with a solid, long-term investment.

In line with the promises made in our prospectus, post to the year end the group acquired a 7,863 sqm shopping center in Riga, Latvia, built on 21,580 sqm of land, for a net price of *Eur20,000,000* The property is situated in one of Riga's most densely populated residential areas. The shopping center has been operational for fifteen years and has the benefit of an anchor tenant as well as other successful retail operators.

Looking ahead

Irrespective of global macro issues, which always arise, we own an incredible portfolio of real assets which provide strong cash flow. Having already acquired a prestigious industrial asset towards the end of 2021 and another prime commercial asset in the first quarter of 2022, we remain committed to the execution of our plan, to grow our portfolio of assets responsibly and sustainably across Europe and share its value with all our stakeholders.

Georgios Kakouras

27 th April 2022

Directors' report

Year ended 31 December 2021

The directors present their report and the audited financial statements of the Hili Properties p.l.c. group and holding company for the year ended 31 December 2021.

Principal activities

The principal activity of the Hili Properties plc. group is to hold and rent immovable property. Hili Properties p.l.c. also acts as a holding company. The details of subsidiaries of the holding company are listed in note 20.

Performance review

The results of the group for the current year are very much in line with the reported results in the previous year notwithstanding that the group disposed of a subsidiary in 2020, which was not replaced in the current year. Operating profit for the year ended December 2021 amounted to Eur *4,856,825* as compared to *Eur 4,981,229* in the preceding year.

In connection with the IPO listing of the group towards the end of 2021, the group has once again engaged external independent valuators for the assessment of all the investment properties in its portfolio. Following this valuation, the group registered net investment income of *Eur2,124,055 (2020: Eur3,575,024)* .

The group registered a profit before tax from continuing operations of *Eur3,759,648* (2020: *Eur5,212,208*). The net assets of the group at the end of 2021 amounted to *Eur110,880,921* (2020: *Eur62,675,082*).

During 2021, the company registered a profit before tax of *Eur9,081,824* (2020: loss before tax of *Eur1,465,466*).

The net assets of the company at the end of the year amounted to *Eur94,261,840* (2020: *Eur40,827,142*).

The group measures the achievement of its objectives through the use of the following other key performance indicators:

Financial performance

The group measures its performance based on EBITDA, which is defined as the group's profit before depreciation and amortisation, finance income/costs, net investment income/losses and taxation. The EBITDA for the year under review was *Eur4,903,707* as compared to *Eur5,139,504* in the previous year. The decrease in EBITDA in the current year arises primarily from EBITDA on income generating assets that were disposed in 2020 and not replaced in 2021 (net effect of around *Eur134,000*). In addition, the company also incurred one-off expenses related to its share issue in October which are contributing also to the decrease in the EBITDA generated.

Interest cover for the group is at 1.4 times in 2021 (2020: 1.5 times).

The gearing ratio of the group is monitored on an ongoing basis. The group's gearing ratio, defined as total debt less cash divided by total equity, stands at 31% compared to 54% in the previous year. The significant movement in the gearing ratio during the year is attributable to the cash available at year end, received through our Initial Public Offering launched in November 2021.

Non-financial performance

Properties occupancy was at 99% as of 31 December 2021 (2020: 95%). This refers to the ratio of leased investment properties in square metres to the total owned investment properties in square metres. The WALT (Weighted Average Lease Term) for the whole portfolio stands at 8.9 years (2020: 9.3yrs).

Listing and IPO Issue

Hili Properties Plc, as the parent company of the Hili Properties plc group, was successfully listed on the Malta Stock Exchange on the 26 th of October 2021, with the first trading day of its ordinary shares being on 22 December 2021 ("IPO").

The IPO has resulted in the listing of the Company's equity and an increase of the issued share capital, with the total number of shares issued of 100,892,700. All shares of the Company are ordinary shares, with a nominal value of Eur0.20 each, and all have the same shareholders' rights.

The authorised share capital of the Company was increased from *Eur60,000,000* to *Eur120,000,000* and the issued and called up share capital of the Company was increased from *Eur40,400,000* to *Eur60,000,000* .

Result and dividends

The result for the year ended 31 December 2021 is shown in the statement of profit or loss and other comprehensive income. The group registered a profit after tax of *Eur3,169,199* (2020: *Eur4,096,672*). The holding company registered a profit after tax of *Eur8,371,462* (2020: *loss after tax Eur1,712,955*). No dividends were declared by the Company during the years ended 31 December 2021 and 2020.

Effects of COVID-19 Pandemic

As the world is slowly emerging from the disruption caused by the Covid-19 pandemic, the directors continue to monitor the situation to safeguard the interests of the company and its stakeholders. The company's financial performance for 2021 is consistent with that of 2020. To date the company's operations have not been materially affected and the Company has confirmed to the market that the upcoming bond interest payments in 2022 will be honoured in full. The situation continues to change which may adversely affect the company's current and future performance and future financial position. The financial statements do not include any adjustments that may be required should the company not realise the full value of its assets and discharge its liabilities in the normal course of business as a result of the prevailing situation.

Effects of Ukraine Conflict

Towards the end of February 2022, the armed conflict between the Russian Federation and Ukraine set in motion a chain of diplomatic efforts and other major geopolitical events which led a number of western nations, including the EU institution and the United States government, to impose a number of sanctions on Russia and Belarus. These current sanctions in place include several restrictive measures of a direct financial nature that are having a significant direct impact on the broad economy of the invading nations, as well as resulting in a downgrading of their sovereign and private debt by international credit rating agencies.

The consequences of these restrictive measures are however also expected to have a significant impact on the economies of the countries implementing such trade restrictions, with a spill-over on the world economy, as uncertainty and market volatility remain high across all industries with increasing tensions and rhetoric on both sides. The cost of doing business is undoubtedly set to rise further, following the initial Covid shocks on the global economy seen in the last couple of years, as the ongoing conflict in Ukraine and Covid-related measures continue to rock global supply chains. Both the International Monetary Fund and the World Bank have indicated that the resulting impact of the conflict to global growth and recovery from Covid effects will be significant. As the price of oil and gas shift upwards due to the war, transport and other procurement costs required for business will also increase. Due to the nature and decisiveness of these restrictive measures, the economic impact globally is expected to be long-lasting, even in the eventuality that the conflict ceases in the immediate future. The dynamics of international trade between the EU, the USA and Asia will change forever.

As things stand at the moment, the Company and the Group are not expected to be directly negatively impacted by the ongoing conflict in Ukraine, considering they hold a portfolio of prime real estate assets. The fact that all assets reside in NATO countries provides extra safeguards, however, management together with the directors, continue to actively monitor all developments taking place internationally in order to take any action that might be necessary in the eventuality that developments in the conflict, start to impact the company's turnover and business activity.

Events after the end of the reporting period

Following the end of the reporting period, the following post balance sheets even are to be noted:

- On the 28 th of March, 2022 the group acquired 7,863 sqm shopping centre in Riga, Latvia, for a net price of *Eur20,000,000.00.* The acquisition has been structured as a share sale pursuant to which a subsidiary of the Company incorporated in Latvia (SIA "Premier Estates Ltd" (registration number 40003993068)) acquired 100% of the issued share capital of SIA "SC Stirnu", incorporated in Latvia (registration number 40203080142).

- On the 31 st March, 2022 the company finalised the final deed on the transfer of shares of Harbour APM, thereby effectively adding to its portfolio around 92,000 sqm of land at Benghajsa.

Likely future business developments

The directors consider that the year-end financial position was satisfactory and that the group and the holding company are well placed to sustain the present level of activity in the foreseeable future.

Principal risks and uncertainties

The successful management of risk is essential to enable the group to achieve its objectives. The ultimate responsibility for risk management rests with the company's directors, who evaluate the group's risk appetite and formulate policies for identifying and managing such risks. The principal risks and uncertainties facing the group and the mitigating factors are included below:

Market and competition

The group operates in a segment which is vulnerable to general market conditions. An increase in the supply of commercial space could impact capital values and income streams of the property portfolio. A higher supply increases the possibility that tenants terminate or elect not to renew their respective lease agreements. An effective and coherent strategy to attend to the tenants' needs enables the group to sustain and strengthen its relationship with the tenants. The group continues to focus on service quality, monitoring market trends carefully and performance to lessen and manage these risks.

International exposure risk

The group operates in many countries with differing economic, social and political conditions. Changes in current conditions may adversely affect the tenant's business performance, portfolio fair value, results of operations, financial conditions, or prospects. The group manages such risks by incorporating this risk into its business strategy, i.e. diversification in terms of geography as well as type of industries/sectors.

Fluctuations in property values

The Group is involved in the acquisition and disposal of immovable property. Property values are affected by and may fluctuate, inter alia, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the Group's property portfolios may also fluctuate as a result of other factors outside the Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses. The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values.

The valuation of property and property-related assets is inherently subjective. Moreover all property valuations are made on the basis of assumptions which may not prove to reflect the true position. There is no assurance that the valuations of the properties and property-related assets will reflect actual market process.

Significant judgement and estimates

Note 3 to the financial statements provides details in connection with the inherent uncertainties that surround the preparation of the financial statements which requires significant estimates and judgements.

Issuer's dependence on payments due from Subsidiaries may be affected by factors beyond the Issuer's control

The Issuer is primarily a holding company and, as such, its assets consist primarily of loans granted to and investments held in Subsidiaries. Consequently, the Issuer is largely dependent on income derived from dividends from Subsidiaries and the receipt of interest and loan repayments from Subsidiaries. In this respect, the operating results of the Subsidiaries have a direct effect on the Issuer's financial position and therefore the risks intrinsic in the business and operations of the Subsidiaries have a direct effect on the financial prospects of the Issuer.

The dividends, interest payments and loan repayments to be affected by Subsidiaries are subject to certain risks. More specifically, the ability of Subsidiaries to effect payments to the Issuer will depend on the cash flows and earnings of the Subsidiaries, which may be restricted by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any, or by other factors beyond the control of the Issuer

Dependence on tenants

The Group is dependent on tenants fulfilling their obligations under their lease agreements. The business, revenue and projected profits of the Group would be negatively impacted if tenants failed to honour their respective lease obligations. There can be no assurance that the tenants will honour their obligations, for different reasons such as insolvency, market or economic downturns, operational failure or other reasons which are beyond the Group's control. Such failure may negatively affect the financial condition of the Group.

The Group is subject to termination of lease agreements

The Group is subject to the risk that tenants may terminate or elect not to renew their respective lease, either due to the expiration of the lease term or due to an early termination of the lease. In cases of early termination by tenants prior to the expiration of the lease term there is a risk of loss of rental income if the tenant is not replaced in a timely manner and/or on similar conditions which in turn could have a material negative effect on the Group's results of operations.

Risks relating to the potential inability to conclude real estate investments

The Group operates in a competitive environment and therefore the Company's financial performance and future growth is partly dependent on the Group's ability to acquire, sell and operate its assets on attractive and sustainable commercial terms. There can be no assurance that the Group will continue to be able to identify and acquire target assets on attractive commercial terms or even at all. Timing of deals is also critical, together with the ability to secure attractive financing. The above may have a material adverse impact on the Company's future growth and prospects, as well as on its financial performance and its overall financial condition.

Non-Financial Statement

Environmental matters

The group is committed to environmental responsibility, and all subsidiaries within the group has a role to play in living up to that commitment. Efforts are put on areas where the group can have significant impact on critical environmental issues, including climate change, natural resource conservation and waste management. The group invests in innovations that can improve our environmental footprint, besides collaborating with other organizations to raise environmental awareness and work with key suppliers to promote environmentally responsible practices in their operations.

Employee matters

The group provides opportunity, nurtures talent, develops leaders and rewards achievement. The group believes that a team of individuals with diverse backgrounds and experiences, working together in an environment that fosters respect and drives high levels of engagement, is essential to its continuing business success. Performance evaluation systems are employed across the group, using multistage training systems to monitor individual's development, and set training requirements.

Each of the group's employees deserves to be treated with fairness, respect, and dignity, providing equal opportunity for employees and applicants. All the group's employees have the right to work in a place that is free from harassment, intimidation, or abuse, sexual or otherwise, or acts or threats of physical violence. It is committed to diversity and equal opportunities for everyone, respecting the unique attributes and perspectives of every employee, and rely on these diverse perspectives to help the group build and improve the relationships with customers and business partners. The group embraces the diversity of its employees, customers and business partners, and works hard to make sure everyone within the group feels welcome.

The group provides equal treatment and equal employment opportunity without regard to race, colour, religion, sex, age, national origin, disability, sexual orientation, gender identity or any other basis protected by law. In addition, it is committed to providing a safe and healthful working environment for its employees, requiring all employees to abide by safety rules and practices and to take the necessary precautions to protect themselves and their fellow employees. For everyone's safety, employees must immediately report accidents and unsafe practices or conditions to their immediate supervisors.

Respect for human rights

The group conducts its activities in a manner that respects human rights, taking the responsibility seriously to act with due diligence to avoid infringing on the human rights of others and addressing any impact on human rights if they occur. The group's commitment to respect human rights is defined in the code of business conduct, which applies to all employees of the group.

The group is committed to provide a safe work environment that fosters respect, fairness, and dignity. Group employees are trained annually on the standard of business conduct.

Anti-corruption and bribery matters

The group's employees must comply with the group Code of Conduct and Whistle-blower Policy to ensure that all employees are discouraged from any corrupt practices or bribery as well as are incentivised to report any such activities in a direct line with the responsible group supervisor, without fearing reprisals. Every employee is introduced to these policies upon employment and are mandatory to be adhered to it.

The group prohibits all forms of bribery or kickbacks as detailed in the Code of Conduct. All employees, representatives and business partners must fully comply with anti-bribery legislation. To comply with the group policy and anti-bribery laws, no employee should ever offer, directly or indirectly, any form of gift, entertainment, or anything of value to any government official or his or her representatives.

The group is committed to complying with the applicable laws in all countries where it does business. It adopts a Global Anti-Corruption Policy which sets forth its commitment to ensuring that it carries out business in an ethical manner and abides by all applicable anti-bribery and anti-corruption laws in the countries in which it operates by, among other things, prohibiting the giving or receiving of improper payments in the conduct of the business, and by discouraging such behaviour by its business partners.

Auditors

Grant Thornton Malta have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

Directors

The directors that served during the period were

Pier Luca Demajo (Chairman)
Georgios Kakouras
David Aquilina
Peter Hili
Laragh Cassar
Eddy Vermeir (appointed 4 January 2021)
Geoffrey Camilleri (resigned on 4 January 2021)

In accordance with the holding company's articles of association, all directors are to remain at office.

Going Concern Statement Pursuant to Capital Markets Rule 5.62

As required by rule 5.62 upon reviewing the Group's and Company's performance and statement of financial position post to year end and also by reviewing in detail the Group's and the Company's budgets and forecasts, the directors confirm the Group's and the Company's ability to continue operating as a going concern in the foreseeable future.

Statement of Responsibility Pursuant to Capital Markets Rules5.68

The Directors declare that to the best of their knowledge, the financial statements included in the Annual Report are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union and as amended from time to time and these statements give in all material aspects a true and fair view of the assets, liabilities, financial position and results of the Group and that this report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of directors and signed on its behalf on 27 th April 2022 by:

Pier Luca Demajo
Chairman

Georgios Kakouras
Director

Statement of directors' responsibilities

Year ended 31 December 2021

The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with generally accepted accounting principles and practices which give a true and fair view of the state of affairs of the company and its group at the end of each financial year and of the profit or loss of the company and its group for the year then ended.

In preparing the financial statements, the directors should:

- adopt the going concern basis unless it is inappropriate to presume that the company and the group will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and the group and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pier Luca Demajo
Chairman

Georgios Kakouras
Director

Corporate Governance Statement

Introduction

Pursuant to the Capital Market Rules as issued by the Malta Financial Services Authority, Hili Properties p.l.c. (the ‘ **company’**) is hereby reporting on the extent of its adoption of the Code of Principles of Good Corporate Governance (the ‘Code’ or the ‘ **Principles’**) contained in Appendix 5.1 of the Capital Market Rules.

The adoption of the Code is not mandatory in nature. This notwithstanding, the Directors are strongly of the opinion that the adoption of the Code is in the best interest of the Company, its shareholders and other stakeholders since it provides the necessary framework to ensure that the directors, management, and employees of the company work towards the right set of principles and ethical standards.

The company currently has a corporate decision-making and supervisory structure that is tailored to suit the company’s requirements and designed to ensure the existence of adequate checks and balances within the company, whilst retaining an element of flexibility, particularly in view of the size of the company and the nature of its business. Generally speaking, the company adheres to the Code, except for those identified instances where there exist particular circumstances that, in the view of the Directors are excessive to the nature and size of the Company.

Principle 1: The Board
Principle 3: Composition of the Board

The Board of Directors

The Board of Directors of the company is responsible for the overall long-term direction of the company, in particular in being actively involved in overseeing the systems of control and financial reporting and that the company communicates effectively with the market.

The Board of Directors meets regularly, with a minimum of four times annually, and is currently composed of seven members. Three of the members, being Mr Pier Luca Demajo, Mr David Aquilina and Dr Laragh Cassar are independent from the company or any other related companies.

The members of the board are the following:

Pier Luca Demajo	Independent Non-Executive Director
David Aquilina	Independent Non-Executive Director
Laragh Cassar	Independent Non-Executive Director
Peter Hili	Non-Executive Director

Eddy Vermeir (appointed 4 January 2021)	Non-Executive Director
Geoffrey Camilleri (resigned 4 January 2021)	Non-Executive Director
Georgios Kakouras	Executive Director

The Board considers that its size is appropriate, taking into account the size of the Company and its operations. The Board is of the view that it has the required diversity of knowledge, judgment and experience to properly complete its tasks. The competencies of the Directors ranges from industry, financial and legal expertise.

As above set out, the board is composed of a mix of executive and non-executive directors. The presence of Non-Executive Directors on the Board serves to, *inter alia,* constructively challenge the Executive Directors and management of the Company, and particular focus is made on strategy and the integrity of financial performance and management.

Each presently appointed non-executive director has declared to the Board as stipulated under the Code Provision 3.4 undertaking:

a) to maintain in all circumstances his/her independence of analysis, decision and action;

b) not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and

c) to clearly express his/her opposition in the event that he/she finds that a decision of the board may harm the Company.

Principle 2: Chairman and Managing Director

The Chairman of the Company (presently, Mr Pier Luca Demajo) leads the Board and sets its agenda and works closely with the Company Secretary. In addition, the Chairman ensures that the directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company and that effective communication with shareholders is maintained. The Chairman also encourages active engagement by all directors for discussion of complex or contentious issues. Working hand in hand with the Chairman is the Managing Director, (Mr Georgios Kakouras) who leads the executive management of the Group.

Principle 4: The Responsibilities of the Board

The Board has the first level responsibility for executing the four basic roles of Corporate Governance, namely accountability, monitoring, strategy formulation and policy development. The Board has established a clear internal and external reporting system so that it has access to accurate, relevant and timely information and ensures that management constantly monitor performance and report to its satisfaction. The Board, at least on a quarterly basis, evaluates management's implementation of corporate strategy and financial objectives by reference to a number of criteria, including projected earnings and other anticipated criteria.

The Board has not developed a formal succession plan for its Managing Director and the directors themselves however is in the process of discussing a manner in which a succession planning process can be implemented.

Principle 5: Board Meetings

Each of the directors has applied the necessary time and attention for the performance of his/her duties to the Company. During 2021, the Board met on thirteen (13) occasions:

Director	**Attendance**
Pier Luca Demajo	13 out of 13 meetings
David Aquilina	12 out of 13 meetings
Laragh Cassar	12 out of 13 meetings
Eddy Vermeir (appointed 4 January 2021)	12 out of 13 meetings
Peter Hili	11 out of 13 meetings
Georgios Kakouras	13 out of 13 meetings
Geoffrey Camilleri (resigned 4 January 2021)	0 out of 0 meetings

As a matter of practice, each board meeting to be held throughout the year is scheduled well in advance of their due date and each director is provided with detailed Board papers relating to each agenda item in good time prior to the actual meetings. Board meetings concentrate mainly on strategy, operational performance and financial performance of the Company. After each Board meeting and before the next, Board minutes that faithfully record attendance, key issues and decisions are sent to the directors.

Audit Committee

The Terms of Reference of the Audit Committee are modelled on the principles set out in the Capital Market Rules, including the roles set out in Capital Market Rules 5.127 to 5.130. In addition, unless otherwise dealt with in any other manner prescribed by the Capital Market Rules, the Audit Committee has the responsibility to, *inter alia,* monitor and scrutinise, and, if required, approve Related Party Transactions, if any, falling within the ambits of the Capital Market Rules and to make its

recommendations to the Board of any such proposed Related Party Transactions. The Audit Committee establishes internal procedures and monitors these on a regular basis. The Committee also has the authority to summon any person to assist it in the performance of its duties, including the Company's external auditors.
Whilst the Company does not have a permanent internal auditor function within its organisational structure, the Audit Committee has engaged the services of external audit firms to carry out specific internal audit

checks, in particular in relation to governance and risk management, information technology and GDPR compliance.

The Audit Committee, is currently composed of the following individuals:

David Aquilina	Chair & Independent Non-Executive Director
Laragh Cassar	Independent Non-Executive Director
Peter Hili	Non-Executive Director

This satisfies the requirement established by the Capital Market Rules that the Audit Committee is composed of non-executive directors, the majority of which being independent.

The Board of Directors assessed the independence of these members and unanimously agreed that in line with good corporate governance, David Aquilina, Peter Hili and Laragh Cassar conduct themselves in an independent and professional manner satisfying the Capital Market Rules.

Furthermore, the Board of Directors considers the audit committee, as a whole, to have the relevant experience in the real estate sector, David Aquilina being considered to be an expert in the real estate business and competent in accounting and/or auditing in terms of the Capital Market Rules. The Chief Financial Officer of the company is also present during the Audit Committee meetings.

The Audit Committee met four (4) times during 2021.

David Aquilina	4 out of 4 meetings
Laragh Cassar	3 out of 4 meetings
Peter Hili	4 out of 4 meetings

Communication with and between the Secretary, top level management and the Committee is ongoing and considerations that required the Committee's attention were acted upon between meetings and decided by the Members (where necessary) through electronic circulation and correspondence.

Principle 6: Information and Professional Development

The Board appoints the Managing Director. Appointments and changes to senior management are the responsibility of the Managing Director and are approved by the Board. The Board actively considers the professional and technical development of the Board itself, all senior management and staff members. The Managing Director also has systems in place to monitor management and staff morale. Management prepares detailed reviews for each Board meeting covering all aspects of the Company's business.

On joining the Board, a new director is provided with the opportunity to consult with the executive directors and senior management of the Company in respect of the operations of the Group. Each director is made aware of the Company's on-going obligations in terms of the Companies Act, the Capital Market Rules and other relevant legislation. Directors have access to the advice and services of the Company Secretary and to the legal counsel of the Company. The Company is also prepared to bear the expense incurred by the directors requiring independent professional advice should they deem it necessary to discharge their responsibilities as directors.

Principle 7: Evaluation of the Board's Performance

With respect to the year under review, the Board undertook an evaluation of its own performance, the Chairman's performance and that of its Committees. The Board did not *per se* appoint a Committee to carry out this performance evaluation but the evaluation exercise was conducted through a questionnaire, copies of which were sent to the Chairman of the Audit Committee and the results were reported to the Chairman of the Board. [No material changes were made to the Company's structures as a result of the Board evaluation.]

Principle 8: Committees

The required disclosures on the remuneration structure of the company is found in the annual report under 'Remuneration Statement'.
Furthermore, reference is made to the Non-Compliance section hereunder where disclosure of the non-compliance with the appointment of a remuneration committee and a nomination committee is made.

Principle 9: Relations with Shareholders and with the Market & Principle 10: Institutional Investors

The Company engages in dialogue with the market through a number of measures, including the issuance of timely and information announcements to the market, the holding of meetings with the local stockbroking community and the issuance of press releases. Until the initial public offering of the Company in Q4 of 2021, the Company's share capital was held privately and therefore it is only after its successful listing of its equity securities, that communication with its shareholders took place in a more formal manner. The Company intends to ensure that all communications are effectively and through additional channels, such as through its annual general meetings, where shareholders will be given the opportunity to have their questions raised and answered.

Principle 11: Conflicts of Interest

The directors are aware that their primary responsibility is always to act in the interest of the Company and its shareholders as a whole irrespective of who appointed them to the Board. Acting in the interest of the Company includes an obligation to avoid conflicts of interest. In such instances, the Company has strict policies in place which allow it to manage such conflicts, actual or potential, in the best interest of the Company. Each director's service contract contains provisions which require the director to:

a) ensure that his/her personal interests do not conflict with the interests of the Company;

b) not carry on, directly or indirectly, business in competition with the Company;

c) not make personal gains or profits from his post without the consent of the Company, or from confidential information;

d) not use any property, information or opportunity of the Company for his own benefit or for the benefit of any third party,

e) not obtain any benefit in connection with the exercise of his powers, except with the consent of the Company in general meeting.

Furthermore, any director that has a conflict (actual or potential) is required to disclose and record the conflict in full and in time to the Board and is also precluded from participating in a discussion concerning matters in such conflicted matters. Under no circumstance is the conflicted director, permitted to vote on the matter. This requirement is reflected in Article 87.3 of the Company's Articles of Association. Subject to the provisions of the law, the company may in general meeting, by ordinary resolution, suspend or relax the said provisions of the Articles of Association to any extent or ratify any transaction not duly authorised by reason of a contravention of the said provision.

Principle 12: Corporate Social Responsibility

The Directors also seek to adhere to accepted principles of corporate social responsibility in their management practices of the Company in relation to the Group's workforce and the community in general.

Within the framework of Corporate Social Responsibility activities, Hili Properties approached the local NGO in Latvia "Youth Resource Center" on 15 November with an offer of cooperation and support. After regular communication, premises in shopping center "Dole" were identified, cost estimate for construction works has been prepared and received, preparation of cooperation agreement in progress, estimated commencement of works – beginning of June 2022. Estimated end of construction works (unless unexpected obstacles arise due to geopolitical situation and possible delays in construction materials) – end of July 2022.

Result – premises for individual and family psychotherapist sessions for teenagers. Area to be covered – families/ teenagers in s/c "Dole" area (at this point there are no such premises in the area), as well as nearby cities of Ikskile (30 km from the capital), Salaspils (27 km from the capital) and Ogre (36 km from the capital).

The Group recognises that its workforce is one of its main assets, essential for achieving its objectives and sustained growth. The Group recognises the need to embed good governance in its day-to-day operations and, for this purpose, has introduced a Code of Conduct that establishes the general guidelines governing the conduct of all its employees in fulfilling their functions and their commercial and professional relations.

As the Covid-19 pandemic wore on, the Group adopted a work-from-home policy with a view to protecting its staff from unnecessary contact and commuting, as well as keeping in line with the Group's objective to introduce employee friendly measures when it comes to employment flexibility. This strategy proved to be successful with minimal disruptions. The Board of Directors kept developments surrounding the Covid-19 pandemic under constant review, on both a national and international front, with a view to ensuring that any immediate action is taken should it be required.

Non-compliance with the Code

Principle 4 Responsibilities of the Board: Succession Planning

The Board has not developed a formal succession plan for its Managing Director and the directors themselves however is in the process of discussing a manner in which a formal succession plan can be implemented.

Principle 7: Evaluation of the board's performance

With respect to the year under review, the Board undertook an evaluation of its own performance, the Chairman's performance and that of its committees. The Board did not *per se* appoint a committee to carry out this performance evaluation but the evaluation exercise was conducted through a questionnaire, copies of which were sent to the Chairman of the Audit Committee and the results were reported to the Chairman of the Board. No material changes were made to the Company's structures as a result of the Board evaluation.

Principle 8: Committees

Under the present circumstances the board does not consider it necessary to appoint a remuneration committee and a nomination committee as decisions on these matters are taken at shareholder level.

Internal Control

Organisation

The Group operates through the Board of directors with clear reporting lines and delegation of powers. The Board is responsible for the company's internal controls as well as their effectiveness and the authority to operate such controls are delegated to the CEO.

Control environment

The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all its subsidiaries.

The group has an appropriate organisational structure for planning, executing, and controlling and monitoring business operations to achieve Group objectives. Lines of responsibility and delegation of authority are documented.

The Group and the individual companies comprising it have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical control, segregation of duties and reviews by management and external auditors.

Although the Company has not appointed an internal auditor, the Board of Directors believes that the combination of checks and balances on the finance function of the Company, including the remit and responsibilities of the Audit Committee the Company's finance policies and procedures, as well as the Company's statutory and legal obligations as a listed entity together of the engagement of independent external auditors, provide adequate and suitable controls that are commensurate with the size and complexity of its business and operations. The Board of Directors will retain this matter under review in the coming year.

Risk identification and assessment

Group management and the Board of Directors are responsible for the identification and evaluation of key risks applicable to their areas of business. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe, and regulatory requirements.

Information and communication

Group companies participate in periodic strategic reviews, which include consideration of long-term financial projections and the evaluation of business alternatives.

Monitoring and corrective action

There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit Committee plans in advance and meets regularly during the year and, within its terms of reference as approved by the MFSA, reviews the effectiveness of the Group's systems of internal financial controls. The Audit Committee receives reports from management and the independent external auditors.

General Meetings and Shareholders' Rights

Conduct of general meetings

It is only shareholders whose details are entered into the register of members on the record date that are entitled to participate in the general meeting and to exercise their voting rights. In terms of the Capital Market Rules, the record date falls 30 days immediately preceding the date set for the general meeting to which it relates. The establishment of a record date and the entitlement to attend and vote at general meeting does not, however, prevent trading in the shares after the said date.

In order for business to be transacted at a general meeting, a quorum must be present. In terms of the Articles of Association, 50% of the total voting rights constitutes a quorum. If within half an hour, a quorum is not present, if convened by or upon requisition of the shareholders, the meeting will be dissolved. In any other case, it shall be adjourned to such time and place as determined by the Chairman (not being less than 14 days nor more than 28 days). If at the adjourned meeting, a quorum is not present within thirty minutes, the members present (being not less than two persons) shall constitute quorum. The company is required to give not less than ten (10) clear days' notice and the notice is required to specify that the Members present as aforesaid shall form a quorum.

At any general meeting, a resolution put to a vote shall be determined and decided by a show of hands, unless a poll is demanded before or on the declaration of the result of a show of hands by;

(i) the Chairman of the meeting; or

(ii) by at least three (3) members present in person or by proxy; or

(iii) any member or members present in person or by proxy and representing not less than one tenth of the total voting power of all members having the right to vote at that meeting; or

(iv) a member or members present in person or by proxy holding equity securities conferring a right to vote at the meeting, being equity securities on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the equity securities conferring that right.

Unless a poll be so demanded, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution: PROVIDED that where a resolution requires a particular majority in value, the resolution shall not be deemed to have been carried on a show of hands by the required majority unless there be present at that meeting, whether in person or by proxy, a number of members holding in the aggregate the required majority as aforesaid. A demand for a poll may be withdrawn.

A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith.

A poll demanded on any question shall be taken either immediately, at any time during the meeting, or at such subsequent time (not being more than thirty days after the date of the Meeting or adjourned Meeting at which the poll is demanded) and place as the Chairman may direct. No notice need be given of a poll not taken immediately. Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll. The demand for a poll may be withdrawn. If a poll is duly demanded it shall be taken in such manner (including the use of ballot or voting papers or ticket) as the Chairman of the

Meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

Where a poll is taken at a general meeting of the Company and a request is made by a Shareholder for a full account of the poll, the Company is required to publish the following information on its website by not later than fifteen (15) days after the day of the general meeting at which the voting result was obtained:

a. the date of the meeting;
b. the text of the resolution or, as the case may be, a description of the subject matter of the poll;
c. the number of shares for which votes have been validly cast;
d. the proportion of the Company's issued share capital at close of business on the day before the meeting represented by those votes;
e. the total number of votes validly cast; and
f. the number of votes cast in favour of and against each resolution and, if counted, the number of abstentions.

Where no Shareholder requests a full account of the voting at a general meeting, it shall be sufficient for the Company to establish the voting results only to the extent necessary to ensure that the required majority is reached for each resolution.

Where voting on a particular item or resolution is conducted by a show of hands rather than by a poll, it shall not be necessary in the case where a Shareholder requests a full account of the voting at a general meeting for the Company to publish the information required by the Capital Markets Rules and it shall be sufficient for the chairman of the meeting to publish a statement indicating:

a. the total number of Shareholders entitled to vote present at the meeting;
b. that upon a show of hands at the meeting it appeared that the resolution had either been carried or rejected.

Proxy

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a person other than a natural person, the hand of an officer or attorney duly authorised. The signature on such instrument need not be witnessed nor must a proxy be a Member of the Company. A Member may not appoint more than one proxy to attend on the same occasion unless such Member is holding shares for and on behalf of third parties in which case he shall be entitled to grant a proxy to each of his clients or to any third party designated by a client. Such Member shall be entitled to cast votes attaching to some of the Shares differently from the others. Proxy forms shall be designed by the Company to allow such split voting.

Deposit of an instrument of proxy shall not preclude a Member from attending and voting in person at the Meeting or any adjournment thereof.

An instrument appointing or revoking a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority shall either (i) be deposited at the Office or at such other place (if any) in Malta as is specified for that purpose in or by way of note to the notice convening the Meeting, or (ii) be transmitted electronically to an electronic address as is specified for that purpose in or by way of note to the notice convening the Meeting, in each case not less than forty-eight hours before the time for holding the Meeting or, if the Meeting be adjourned, not less than forty-eight hours (or such lesser period as the Chairman who adjourned the Meeting may in his discretion determine) before the time for holding the adjourned Meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll taken otherwise than at or on the same day as the Meeting or adjourned Meeting, not less than twenty-four hours before the time appointed for the taking of the poll at which it is to be used, and in default the instrument of proxy shall not be treated as valid.

An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting to which it relates. No instrument of proxy shall be valid after the expiration of twelve months from the date of its execution except at an adjourned Meeting or on a poll demanded at a Meeting or adjourned Meeting in cases where the Meeting was originally held within twelve months from that date.

The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or interdiction of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, interdiction, revocation or transfer shall have been received by the Company at the Office or such other place (if any) as is specified for depositing the instrument of proxy an hour at least before the commencement of the Meeting or adjourned Meeting or the holding of a poll subsequently thereto at which such vote is given.

Any person which is not a natural person and is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the Member which he represents as that Member could exercise if it were an individual Member of the Company.

Including items on the agenda

A shareholder or shareholders holding not less than 5% of the issued share capital may include items on the agenda of the general meeting and table draft resolutions for items included on the agenda of a general meeting. Such right must be exercised by the shareholder at least 46 days before the date set for the general meeting to which it relates.

Questions
Shareholders have the right to ask questions which are pertinent and related to the items on the agenda. The Company may provide one overall answer to questions having the same content. An answer to a question is not required where:

a. to give an answer would interfere unduly with the preparation for the meeting, involve the disclosure of confidential information or cause prejudice to the business interests of the Company;
b. the answer has already been given on the Company's website in the form of an answer to a question;
c. it is not in the interests of good order of the meeting that the question be answered; or
d. the Company is unable to provide an immediate reply, provided that such reply is subsequently posted on the website of the Company.

Electronic voting
In terms of the Articles of Association of the Company, a ll General Meetings of the Company may be held virtual ly in accordance with applicable law and, where applicable, the Capital Markets Rules. The means used for the virtual meeting and the procedure of how Members shall be entitled to attend and vote, and participate in the discussion shall be determined prior to every General Meeting and shall be communicated to all Members in the relevant notice convening such General Meeting.

Further details on the conduct of a general meeting and shareholders' rights are contained in the Memorandum and Articles of Association of the Company and in line with chapter 12 of the Capital Market Rules.

Signed on behalf of the Board of Directors on the 27 th April, 2022 by:

David Aquilina
Director and Chairman of Audit Committee

Remuneration Policies

In accordance with Capital Market Rule 12.26A, the Company is required to establish a 'remuneration policy in respect of its directors' and to grant the right to shareholders to vote on the remuneration policy at the Annual General Meeting (AGM). The Capital Market Rules also require the Company to draw up a remuneration report in accordance with the 'remuneration policy in respect of its directors' and with the criteria in Appendix 12.1 'Information to be provided in the Remuneration Report' of the said Capital Market Rules.

In view of the recent listing of the company's equity security on the official list of the Malta Stock Exchange, the Company will be requesting a vote in respect of the 'remuneration policy as regards directors' at the forthcoming AGM. Subsequent to this, the Company will update the remuneration report to ensure conformity with the applicable requirements set out in the Capital Market Rules.

Remuneration Policy - Directors
In the absence of a remuneration committee, the Board determines the framework of the remuneration policy for the members of the Board as a whole. The Board is composed of Executive and Non-Executive Directors.

The maximum annual aggregate emoluments that may be paid to the directors is approved by the shareholders in General Meeting. The Board may approve changes to the fees within the aggregate amount approved by Shareholders at the Annual General Meeting. The total fees paid to directors (in their role as director) is to be entirely represented by a fixed remuneration.

Directors' emoluments are designed to reflect the directors' knowledge of the business and time committed as directors to the Company's affairs.

None of the Directors in their capacity as Directors of the Company shall be entitled to profit sharing, share options, pension benefits, variable remuneration or any other remuneration or related payments from the Company.

Remuneration Policy – Senior Executives
For the purposes of this policy, the senior executives of the Company shall refer to the Managing Director, the Chief Finance Officer (CFO) and the Properties Project Manager (PPM).

The Board shall determine the framework of the overall remuneration policy and individual remuneration arrangements for its senior executives. The Board considers that these remuneration packages, inclusive of a variable and non-variable payment, should be designed to reflect market conditions and to attract appropriate quality executives to ensure the efficient management of the Company. The Board acknowledges that the payment of a variable remuneration has become increasingly important in attracting and maintaining quality staff.

The terms and conditions of employment of each individual within the senior executive team are set out in their respective contracts of employment with the Company. The contracts of employment of the senior executive are made on an indefinite basis. The Managing Director is entitled to a performance bonus calculated by reference to the Company's audited net profits before tax. – In the case of the CFO and the

PPM, additional performance criteria are considered in the entitlement to a bonus. Additionally, the senior executives are entitled to medical insurance cover, an expensed mobile phone and laptop.

Moreover, share options are currently not part of the Company's remuneration package available to employees of the Company.

2021 Remuneration Report

2021 Directors Remuneration

During the year, the Directors received the following fees:

Director	Fixed Remuneration	Variable Remuneration	Other
Pier Luca Demajo	€40,000	None	None
David Aquilina	€18,245	None	None
Laragh Cassar	€12,173	None	None
*Peter Hili	None	None	None
Eddy Vermeir (appointed 4 January 2021)	None	None	None
Geoffrey Camilleri (resigned 4-01-2021)	None	None	None
Georgios Kakouras (Managing Director) a. directors' fees* b. salary as Managing Director	 None €150,000	 None €57,676	 None €1,135
Total	€[220,418]		

The amount paid as directors' fees is within the limit of €112,000 approved by the Annual General Meeting of the 24 th June 2020.

*Mr Peter Hili, Mr Georgios Kakouras and Eddy Vermeir did not receive any remuneration in respect of their office of director of the Company.

2021 Senior Executives Remuneration

During the course of 2021, the total remuneration paid to the members of the executive management team was €152,300 (excluding the above referred salary paid to the Managing Director).

Pier Luca Demajo
Chairman

27 th April 2022

Disclosure in terms of the Capital Market Rules

Share capital structure

The Company's authorised share capital is €120,000,000 divided into one 600,000,000 ordinary shares of €0.20 per share. The Company's issued share capital is €80,178,540 divided into 400,892,700 ordinary shares of €0.20 per share. All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank *pari passu* between themselves.

The following are highlights of the rights attaching to the shares:

Dividends:	The shares carry the right to participate in any distribution of dividend declared by the Company;
Voting rights:	Each share shall be entitled to one vote at meetings of shareholders;
Pre-emption rights:	In accordance with Article 88 of the Act, should shares of the Company be proposed for allotment for consideration in cash, those shares must be offered on a pre-emptive basis to shareholders in proportion to the share capital held by them immediately prior to the new issue of shares. A copy of any offer of subscription on a pre-emptive basis indicating the period within which this right must be exercised must be delivered to the Registrar of Companies for registration. Provided that such registration shall not be required as long as all the Shareholders of the Company are informed in writing of the offer of subscription on a pre-emptive basis and of the period within which this right shall be exercised. The right of pre-emption may be withdrawn by an extraordinary resolution of the general meeting, in which case, the directors will be required to present to that general meeting a written report indicating the reasons for restriction/withdrawal of the said right and justifying the issue price;
Capital distributions:	The shares carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise;
Transferability:	The shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange, applicable from time to time;
Other:	The shares are not redeemable and not convertible into any other form of security;
Mandatory takeover bids:	Chapter 11 of the Capital Market Rules, implementing the relevant Squeeze-Out and Sell-Out Rules provisions of Directive 2004/25/EC of

the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Capital Market Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Capital Market Rules may be viewed on the official website of the Malta Financial Services Authority - www.mfsa.com.mt ;

Holdings in excess of 5% of the share capital

On the basis of the information available to the Company as at the 31 December 2021, the following persons hold 5% or more of its issued share capital:

Shareholder	%	No of Ordinary Shares
Hili Ventures Limited	74.83%	299,999,990
Calamatta Cuschieri Investment Services Limited (in its own name and/or for the benefit of its clients)	6.90%	27,676,200

As far as the Company is aware, no other person holds any direct or indirect shareholding in excess of 5% of its total issued share capital.

Appointment/Replacement of Directors

In terms of the memorandum and articles of association of the Company, the directors of the Company shall be appointed by the shareholders in the annual general meeting as follows:

(a) Shareholders are granted a period of at least fourteen (14) days to nominate candidates for appointment as Directors. Such notice may be given by the publication of an advertisement in at least two (2) daily newspapers. All such nominations, including the candidate's acceptance to be nominated as director, shall on pain of disqualification be made on the form to be prescribed by the Directors from time to time.

(b) In the event that there are either less nominations than there are vacancies on the board or if there are as many nominations made as there are vacancies on the Board, then each person so nominated shall be automatically appointed a director.

(c) The chairman of the Company is appointed by the single largest shareholder (provided such member holds not less than 50% of the issued share capital having voting rights in the Company)

(d) Any member holding separately not less than 15% of the total voting rights of the Company shall be entitled to appoint a director for each 15% of the voting rights held by such shareholder; Where the chairman has been appointed by such member, 15% of the member's voting rights shall be deducted and the balance can be utilised by the member for the purposes of appointing directors on the board;

(e) Any remaining vacancies on the board (after the appointment of the directors set out above) shall be elected a general meeting. Voting shall take place on the basis that one share entitles the holder to vote for only one candidate for election. The Chairman of the Company shall declare elected those candidates who obtained the highest number of votes.

(f) Subject to the above, any vacancy among the directors may be filled by the co-option of another person to fill such vacancy at an extraordinary general meeting and the same procedure for the appointment of directors shall apply. Additionally, if the director causing the causal vacancy was appointed pursuant to para (d) above, the vacancy shall be filled in the same manner (provided the shareholder still holds the required number of voting rights).

(g) A casual vacancy may also be filled by the board of directors and the said director will hold office under the next annual general meeting and will be eligible for re-election.

(h) Any director may be removed, at any time, by the Member or Members by whom he was appointed. The removal may be made in the same manner as the appointment.

(i) Any director may be removed at any time by the Company in general meeting pursuant to the provisions of section 140 of the Act provided that if the director so removed was appointed pursuant to para (d) above, the process set out in para (f) shall apply.

Amendment to the Memorandum and Articles of Association

In terms of the Companies Act, Cap 386 of the laws of Malta, the Company may by extraordinary resolution at a general meeting alter or add to its memorandum or articles of association. An extraordinary resolution is one where:

(a) it has been taken at a general meeting of which notice specifying

	the intention to propose the text of the resolution as an extraordinary resolution and the principle purpose thereof has been duly given; (b) it has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty-one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting. If one of the aforesaid majorities is obtained but not both, another meeting shall be duly convened within 30 days to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than 75% in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.
Board Members' Powers	The Directors are vested with the management of the Company, and their powers of management and administration emanate directly from the memorandum and articles of association and the law. The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the memorandum and articles of association they may do all such things that are not by the memorandum and articles of association reserved for the Company in general meeting. In particular, the Directors are authorised to issue shares in the Company with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors may from time to time determine, as long as such issue of Equity Securities falls within the authorised share capital of the Company. Any increase in the issued share capital of the Company shall be decided upon an Ordinary Resolution of the Company. This notwithstanding, the board of directors is authorised to issue shares up to the authorised capital of the Company, subject to the aforementioned pre-emption rights where shares are to be allotted for consideration in cash.

Save as otherwise disclosed herein, the provisions of Capital Market Rules 5.64.2, 5.64.4 to 5.64.7 and 5.64.11 are not applicable to the Company. There are no disclosures to be made in terms of Capital Market Rule 5.64.10.

Pursuant to Capital Market Rule 5.70.1

Pursuant to an agreement entered into on the 1 January 2014, the Company entered into a management consultancy agreement with Hili Ventures Limited, the major shareholder in the Company. Pursuant to this agreement, Hili Ventures Limited provides consultancy, legal, GDPR, marketing and PR, administrative, IT, HR and other corporate services to the Company. Mr Peter Hili, is a director of the Company and is an indirect shareholder of Hili Ventures Limited. During the year ended 31 December 2021, Hili Ventures Limited received €700,000 in fees as compensation for the services rendered.

Pursuant to Capital Market Rule 5.70.2

Company Secretary:	Dr Laragh Cassar LL.D.
Registered Office of Company:	Nineteen Twenty Three Valletta Road Marsa MRS 3000 Malta
Registration No of Company:	C 57954
Telephone:	(+356) 2568 1200
Email Address:	info@hiliproperties.com

Approved by the Board of Directors on the 27 th April, 2022 and signed on its behalf by:

Pier Luca Demajo
Chairman

Georgios Kakouras
Director & CEO

Statement of Directors pursuant to Capital Market Rule 5.68

To the best of the knowledge of the directors:

(i) the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer and the undertakings included in the consolidation taken as a whole; and

(ii) the Directors' report includes a fair review of the performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board of Directors on 27th April 2022 by:

Pier Luca Demajo
Chairman

Georgios Kakouras
Director & CEO

Statements of profit or loss and other comprehensive income

Year ended 31 December 2021

		Group		Holding company	
		2021	2020	**2021**	2020
	Notes	**Eur**	Eur	**Eur**	Eur
Continuing operations					
Revenue	*6*	**8 240 539**	7 740 929	**159 500**	159 500
Cost of sales		**(484 370)**	(461 172)	**-**	-
Other operating income	*7*	**209 957**	371 668	**-**	7 499
Other operating expenses		**(128 045)**	(2 886)	**-**	-
Administrative expenses		**(2 981 256)**	(2 667 310)	**(1 856 964)**	(1 397 581)
Operating profit		**4 856 825**	4 981 229	**(1 697 464)**	(1 230 582)
Gain on disposal of subsidiary	*34*	**-**	200 000	**-**	-
Investment income	*8*	**2 918 725**	4 184 400	**11 911 059**	863 320
Investment losses	*9*	**(794 670)**	(809 376)	**-**	-
Net investment income		**2 124 055**	3 575 024	**11 911 059**	863 320
Finance income	*10*	**313 654**	181 644	**961 049**	935 214
Finance costs	*11*	**(3 534 886)**	(3 525 689)	**(2 092 821)**	(2 033 418)
Profit/ (loss) before tax	*12*	**3 759 648**	5 212 208	**9 081 824**	(1 465 466)
Income tax expense	*15*	**(590 449)**	(1 115 536)	**(710 362)**	(247 489)
Profit / (loss) for the year from continuing operations		**3 169 199**	4 096 672	**8 371 462**	(1 712 955)
Other comprehensive income/(expense)					
Exchange differences on translation of foreign operations		**(25 859)**	(5 286)	**-**	-
Total comprehensive income/ (expense) for the year		**3 143 340**	4 091 386	**8 371 462**	(1 712 955)
Profit attributable to:					
Owners of the company		**3 169 199**	3 984 256		
Non-controlling interests		**-**	112 416		
		3 169 199	4 096 672		
Total comprehensive income attributable to:					
Owners of the company		3 143 340	3 978 970		
Non-controlling interests		-	112 416		
		3 143 340	4 091 386		

Statements of financial position

31 December 2021

		Group		Holding company	
		2021	2020	**2021**	2020
	Notes	**Eur**	Eur	**Eur**	Eur
ASSETS AND LIABILITIES					
Non-current assets					
Intangible assets	*16*	**15 688**	15 997	**15 665**	15 665
Property, plant and equipment	*17*	**75 392**	79 539	**2 415**	3 295
Investment property	*19*	**124 625 723**	105 199 156	**2 500 000**	5 450 000
Property held for sale	*23*	**11 970 000**	7 735 151	**3 700 000**	-
Investment in subsidiaries	*20*	**-**	-	**29 979 939**	29 977 245

Deposit on acquisition of investments	*21*	**24 500 000**	24 500 000	**24 500 000**	24 500 000
Loans and receivables	*22*	**1 225 136**	5 231 333	**34 919 408**	19 425 714
Trade and other receivables	*24*	**127 254**	122 637	**-**	-
Deferred tax assets	*30*	**295 687**	295 687	**-**	-
Right-of-use asset	*18*	**114 312**	148 648	**-**	
Restricted cash	*32*	**1 803 507**	1 582 998	**-**	-
		164 752 699	144 911 146	**95 617 427**	79 371 919
Current assets					
Loans and receivables	*22*	**3 089 432**	52 565	**21 794 056**	9 251 983
Trade and other receivables	*24*	**3 439 797**	1 604 494	**2 385 730**	406 098
Current tax assets		**220 655**	12 421	**219 940**	-
Cash in bank and on hand	*32*	**37 193 295**	3 058 382	**26 714 686**	629 986
		43 943 179	4 727 862	**51 114 412**	10 288 067
Total assets		**208 695 878**	149 639 008	**146 731 839**	89 659 986
Current liabilities					
Trade and other payables	*25*	**3 299 242**	3 125 164	**1 921 507**	1 685 076
Other financial liabilities	*26*	**721 802**	10 600	**2 706 106**	2 821 073
Lease liability	*28*	**32 864**	33 938	**-**	-
Bank loans and overdrafts	*27*	**4 796 331**	5 284 907	**-**	-
Current tax liability		**481 809**	815 020	**-**	177 313
		9 332 048	9 269 629	**4 627 613**	4 683 462
Non-current liabilities					
Other financial liabilities	*26*	**62 682**	1 828 802	**10 570 184**	7 048 962
Bank loans	*27*	**47 703 593**	35 556 012	**-**	-
Other payables	*25*	**509 929**	405 720	**-**	-
Debt securities in issue	*29*	**36 709 455**	36 632 828	**36 709 455**	36 632 828
Lease liability	*28*	**84 945**	117 579	**-**	-
Deferred tax liabilities	*30*	**3 412 305**	3 153 356	**562 747**	467 592
		88 482 909	77 694 297	**47 842 386**	44 149 382
Total liabilities		**97 814 957**	86 963 926	**52 469 999**	48 832 844
Net assets		**110 880 921**	62 675 082	**94 261 840**	40 827 142
EQUITY					
Share capital	*31*	**80 178 540**	41 592 000	**80 178 540**	41 592 000
Legal reserve		**151 385**	144 938	**-**	-
Other reserves		**(496 331)**	-	**(496 331)**	-
Share premium		**6 973 027**	-	**6 973 027**	-
Loss offset reserve		**748 427**	748 427	**748 427**	748 427
Foreign exchange reserve		**(286 242)**	(260 383)	**-**	-
Retained earnings/ accumulated (losses)		**23 612 115**	20 054 995	**6 858 177**	(1 513 285)
Equity attributable to owners of the company		**110 880 921**	62 279 977	**94 261 840**	40 827 142
Non-controlling interests		**-**	395 105	**-**	-
Total equity		**110 880 921**	62 675 082	**94 261 840**	40 827 142

These financial statements were approved by the board of directors, authorised for issue on 27 th April 2022 and signed on its behalf by:

Pier Luca Demajo
Chairman

Georgios Kakouras
Director

Statement of changes in equity

Year ended 31 December 2021

Group	**Share capital Eur**	**Loss offset reserve Eur**	**Legal reserve Eur**	**Other reserve Eur**	**Share premium Eur**	**Foreign exchange reserve Eur**	**Retained earnings Eur**
Balance at 1 January 2020	**40 400 000**	**748 427**	**144 938**	**-**	**-**	**(255 097)**	**16 082 568**
Loans capitalised	1 192 000	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	3 984 256
Other comprehensive expense	-	-	-	-	-	(5 286)	-
Transfer of minority interest during the year	-	-	-	-	-	-	(11 829)
Balance at 1 January 2021	**41 592 000**	**748 427**	**144 938**	**-**	**-**	**(260 383)**	**20 054 995**
Profit for the year	-	-	-	-	-	-	3 169 199

Other comprehensive expense	-	-	-	-	-	(25 859)	-
Issue of shares	38 586 540	-	-	-	6 973 027	-	-
Other equity		-	-	(496 331)	-	-	-
Dividends paid	-	-	-	-	-	-	-
Transfer to legal reserve	-	-	6 447	-	-	-	-
Transfer of minority interest during the year	-	-	-	-	-	-	387 921
Balance at 31 December 2021	**80 178 540**	**748 427**	**151 385**	**(496 331)**	**6 973 027**	**(286 242)**	**23 612 115**

Statement of changes in equity - continued

Year ended 31 December 2021

Holding company

	Share Capital	Other reserve	Share premium	Loss offset	Accumulated	Total
	Eur	Eur	Eur	Eur	Eur	Eur
Balance at 1 January 2020	**40 400 000**	**-**	**-**	**748 427**	**199 668**	**41 348 095**
Loans capitalised	1 192 000	-	-	-	-	1 192 000
Total comprehensive income for the year	-	-	-	-	(1 712 953)	(1 712 953)
Balance at 1 January 2021	**41 592 000**	**-**	**-**	**748 427**	**(1 513 285)**	**40 827 142**
Issued share capital	38 586 540	-	6 973 027	-	-	45 559 567
Other reserves	-	(496 331)	-	-	-	(496 331)
Total comprehensive income for the year	-	-	-	-	8 371 462	8 371 462
Balance at 31 December 2021	**80 178 540**	**(496 331)**	**6 973 027**	**748 427**	**6 858 176**	**94 261 840**

Statements of cash flows

Year ended 31 December 2021

		Group		Holding company	
		2021	2020	**2021**	2020
	Note	**Eur**	Eur	**Eur**	Eur
Cashflows from operating activities					
Profit/(loss) before tax		**3 759 648**	5 212 208	**9 081 824**	(1 465 464)
Adjustments for:					
Unrealised exchange losses		**76 065**	99 435	**-**	-
Bad debts written off		**1 969**	4 850	**-**	-
Depreciation of property, plant and equipment		**12 256**	109 366	**880**	750
Depreciation on right-of-use-asset		**34 626**	48 908	**-**	-
Amortisation of bond issue costs		**76 627**	76 627	**76 627**	76 627
Amortisation of intangible assets		**309**	469	**-**	-
Interest expense		**3 382 194**	3 349 627	**2 016 194**	1 956 791
Interest income		**(313 654)**	(181 644)	**(961 049)**	(935 214)
Increase in fair value of investment property		**(2 918 724)**	(4 184 400)	**(750 000)**	(863 320)
Dividends received		**-**	-	**(11 161 059)**	-
Decrease in fair value of investment property		**555 860**	574 851	**-**	-
Other fair value movements		**81 702**	-	**-**	-
Derivative financial instruments		**(25 298)**	(4 525)	**-**	-
Loss on acquisition of shares		**122 668**	-	**-**	-
Gain on disposal of subsidiary		**-**	(200 000)	**-**	-
Total cash flow adjustments		**1 086 600**	(306 436)	**(10 778 408)**	235 634
Movement in trade and other receivables		**212 682**	(303 412)	**195 368**	24 446
Movement in trade and other payables		**398 460**	(73 349)	**177 230**	(124 010)
Cashflows from operations		**5 457 390**	4 529 011	**(1 323 986)**	(1 329 394)
Income tax paid		**(964 885)**	(520 302)	**(327 951)**	(13 389)
Interest paid		**(3 316 004)**	(3 685 849)	**(1 665 000)**	(1 665 000)
Net cash flows from (used in) operating activities		**1 176 501**	322 860	**(3 316 937)**	(3 007 783)
Cashflows from investing activities					
Proceeds from the sale of investment property		**-**	3 914 000	**-**	-
Additions to investment property		**(16 573 789)**	(1 099 355)	**-**	(26 790)

Proceeds from sale of subsidiary		**-**	1 858 726	**-**	-
Security deposit received/ (returned)		**301 511**	(7 703)	**-**	-
Purchase of intangible assets		**-**	(23)	**-**	-
Purchase of property, plant and equipment		**(10 951)**	(5 231)	**-**	566
Purchase of investment in subsidiary		**(4 028 423)**	-	**-**	-
Interest received		**231 953**	181 644	**85 479**	935 214
Advances from (paid to) related parties		**-**	(254 067)	**-**	(254 067)
Net cash flows from investing activities		**(20 079 699)**	4 587 991	**85 479**	654 922
Cashflows from financing activities					
Proceeds from the issue of share capital		**44 844 643**	-	**44 844 643**	-
Proceeds from banks		**15 173 739**	132 180	**-**	-
Repayment of bank loans		**(3 466 029)**	(4 608 461)	**-**	-
Transfer of restricted cash		**(221 326)**	(392 523)	**-**	-
Payments to division companies		**-**	-	**(15 528 486)**	
Payments to related parties		**(3 230,157)**	(4 097 991)	**-**	(1 943 572)
Payments to third parties		**(36 900)**	(21 487)	**-**	-
Net cash flows from financing activities		**53 063 970**	(8 988 282)	**29 316 157**	(1 943 572)
Net movement		**34 160 772**	(4 077 431)	**26 084 699**	(4 296 433)
Foreign exchange on cash and cash equivalents		**(25 859)**	(5 286)	**-**	-
Cash and cash equivalents at the beginning of the year		**3 058 382**	7 141 099	**629 986**	4 926 420
Cash and cash equivalents at the end of the year	*32*	**37 193 295**	3 058 382	**26 714 686**	629 986

Notes to the financial statements

31 December 2021

1. Company information and basis of preparation

Hili Properties p.l.c. ('the holding company' or 'the company') is a public limited company incorporated and domiciled in Malta with registration number C57954. The principal activity of Hili Properties p.l.c. and its subsidiaries ('the group') is to hold and rent immovable property. As disclosed in note 29, the company has issued bonds which are listed on the Malta Stock Exchange. The registered address of the company is Nineteen Twenty Three, Valletta Road, Marsa.

The financial statements of the holding company and the consolidated financial statements of the group have been prepared on an accrual basis and under the historical cost convention, except for investment properties which are carried at their fair values, and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). They have been prepared under the assumption that the group operates on a going concern basis.

The financial statements are presented in euro (€), which is also the functional currency of the company and the group.

As the world is slowly emerging from the disruption caused by the Covid-19 pandemic, the directors continue to monitor the situation to safeguard the interests of the company and its stakeholders. To date the company's operations have not been materially affected and the Company has confirmed to the market that the upcoming bond interest payments in 2022 will be honoured in full. The company receives updates from the Guarantor to assess the impact of the COVID-19 pandemic on its underlying investments. These events may adversely affect the company's current and future performance and future financial position. The financial statements do not include any adjustments that may be required should the company not realise the full value of its assets and discharge its liabilities in the normal course of business as a result of the prevailing situation.

In view of the developments pertaining to the COVID-19 pandemic that the directors have prepared budgets and projections to assess the impact that the pandemic may have on the profitability, liquidity and going concern of the group. Based on the outcome of cash flow projections prepared by the Group under a pessimistic scenario, factoring significant strain on rental rates and occupancy, the Directors consider the going concern assumption in the preparation of the financial statements as appropriate as at the date of authorisation. They also believe that there are no material uncertainties which may cast significant doubt about the company's ability to continue as a going concern exists as at that date.

The company is not expected to be negatively impacted by the ongoing conflict in Ukraine. However, management together with the directors, continue to actively monitor all developments taking place internationally in order to take any action that might be necessary in the eventuality that developments in the conflict start to impact the company's turnover and business activity.

The company is nevertheless expected to be negatively impacted in the short to medium term as costs are expected to rise generally throughout the economies and the industries in which it operates; and specifically for costs pertaining to maintenance and utility expenses.

The significant accounting policies adopted by the holding company and the group are set out below.

Basis of consolidation

Acquisition of subsidiaries

The group's consolidated financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiaries have a reporting date of 31 December.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

2. Significant accounting policies

Business combinations

The group applies the acquisition method in accounting for business combinations. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Non-controlling interest

Non-controlling interests in the acquiree that are present ownership interests and entitle their shareholders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at the present ownership interests proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on an acquisition-by-acquisition basis. After initial recognition, non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the holding company's owners' equity therein. Non-controlling interests in the profit or loss and other comprehensive income of consolidated subsidiaries are also disclosed separately. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investment in subsidiaries

A subsidiary is an entity that is controlled by the company. The company controls an investee when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiaries, in the company's financial statements are stated at cost less any accumulated impairment losses. Dividends from the investments are recognised in profit or loss.

At each reporting date, the company reviews the carrying amount of its investment in subsidiaries to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in profit or loss.

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost, being the fair value at the acquisition date for intangible assets acquired in a business combination. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria or the item is acquired in a business combination and cannot be recognised as an intangible asset, in which case it forms part of goodwill at the acquisition date.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss within 'other operating income' or 'other operating expenses' in the period of derecognition.

Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the group's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is amortised on a straight-line basis over three years.

Property, plant and equipment

The group's property, plant and equipment are classified into furniture, fittings and other equipment and improvements to leasehold land.

Property, plant and equipment are initially measured at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the group's management. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are derecognised when no future economic benefits are expected from their use or upon disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss within 'other operating income' or 'other operating expenses' in the period of derecognition.

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over its estimated useful lives, using the straight-line method, on the following bases:

Furniture, fixtures and other equipment	- over 3 to 10 years
Improvements to leasehold land	- over 5 years being the term of the lease

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is revalued annually and is stated at fair value in the statement of financial position at the end of the reporting period. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds and the carrying amount and are recognised in profit or loss in the period of derecognition.

Property held for sale

Investment property is classified as property held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Property held for sale is measured at fair value, in accordance with the group's accounting policy on investment property.

Leased assets – The Group as a Lessee

For any new contracts entered into the group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the group;
- the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the group has the right to direct the use of the identified asset throughout the period of use. The group assess whether it has the right to direct 'how and for what purpose' the asset is used

throughout the period of use.

(i) Measurement and recognition of leases

At lease commencement date, the group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed).

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the group has opted to disclose right-of-use assets and lease liabilities as separate financial statement line items.

Financial instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the group does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or other financial items, except for impairment of trade receivables which is presented within 'other operating expenses'.

(iii) Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash in bank and on hand, loans and receivables, trade and most other receivables fall into this category of financial instruments.

(iv) Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(v) Loans receivables and trade and other receivables

The group makes use of a simplified approach in accounting for loans receivables, trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The group assess impairment of loans receivables and trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

(vi) Classification and measurement of financial liabilities

The group's financial liabilities include bank overdraft and loans, debt securities in issue and trade and other payables and other financial liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

Impairment testing of goodwill, intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of value-added tax and discounts, where applicable.

To determine whether to recognise revenue, the group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Provision of services

Revenue from the provision of services arises mainly from management services provided by the holding company to its subsidiaries. Revenue from these services is recognised in the period in which the services are rendered. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

(ii) Rental income

Rental income from operating leases, less the aggregate cost of incentives given to the lessee, is recognised as income in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss on a straight-line basis over the lease term.

(iii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Administrative expenses

Administrative expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale . Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Employee benefits

The group contributes towards the state pension in accordance with local legislation. The only obligation of the group is to make the required contributions. Costs are expensed in the period in which they are incurred.

Foreign currency translation

The financial statements of the company and the consolidated financial statements of the group are presented in the company's functional currency, the Euro , being the currency of the primary economic environment in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at period-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Foreign exchange gains and losses are classified with other operating income or other operating expenses as appropriate, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

For the purpose of presenting these financial statements, income and expenses (including comparatives) of the group's foreign operations with functional currency other than the Euro are translated into Euro at the monthly average rate over the reporting period. Assets and liabilities (including comparatives) of the group's foreign operations are translated to Euro at the exchange rate ruling at the date of the statement of financial position. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Euro at the closing rate. Exchange differences are recognised in other comprehensive income and accumulated in the 'foreign exchange reserve' in equity. Such differences are reclassified from equity to profit or loss in the period in which the foreign operation is disposed of.

Cash in bank and on hand

Cash in bank and on hand comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

Provisions, contingent assets and contingent liabilities

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Any reimbursement that the group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Equity and reserves

Share capital represents the nominal (par) value of shares that have been issued.

Other components of equity include the following:

(i) Foreign exchange reserves - comprises foreign currency translation differences arising from the translation of financial statements of the group's foreign entities into Euro.

(ii) Other reserves.

Retained earnings/ (accumulated losses) include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Other than as disclosed below, in the process of applying the group's and company's accounting policies, the directors have made no judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit and loss.

During 2021, external market valuations were obtained for all of the property portfolio held by the group. These external valuations were based using the discounted cash flow technique using the applicable discount rate and market yields as discussed below.

Based on this assessment, the directors are of the opinion that the fair value determined is an appropriate estimate of the fair value at 31 December 2021. Movements in fair value are disclosed in notes 8, 9 and 19.

Investment properties are classified as level 3 of the fair value hierarchy.

Investments in subsidiaries

The company reviews investments in subsidiaries to evaluate whether events or changes in circumstances indicate that the carrying amounts may not be recoverable. At the end of the year there was no objective evidence of impairment in this respect.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 2).

4. New or revised Standards or Interpretations

4.1 New standards adopted as at 1 January 2021

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the group's financial results or position. Accordingly, the group has made no changes to its accounting policies in 2021.

Other Standards and amendments that are effective for the first time in 2021 and could be applicable to the group are:

• Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16)
• COVID-19 Rent Related Concessions (Amendments to IFRS 16)

These amendments do not have a significant impact on these financial statements and therefore no additional disclosures have not been made.

4.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the group

At the date of authorisation of these financial statements, several new, but not yet effective Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. These new Standards, amendments and interpretations are not expected to have a material impact on the group's consolidated financial statements.

5. Segment information

The segment reporting of the group is made in terms of the location which it conducts its business in, as the risks and rates of return are affected predominantly by differences in the services provided in the different locations. The group is currently organised into five main business segments: Malta, Latvia, Estonia, Lithuania and Romania. Each of these operating segments is managed separately as each of these lines requires local resources. All inter segment transfers for management services are carried out on a cost basis.

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the year. The group's reportable segments under IFRS 8 are direct sales attributable to each line of business.

The segment reporting of the group is made in terms of the location which it conducts its business in, as the risks and rates of return are affected predominantly by differences in the services provided in the different locations. The group is currently organised into five main business segments: Malta, Latvia, Estonia, Lithuania and Romania. Each of these operating segments is managed separately as each of these lines requires local resources. All inter segment transfers for management services are carried out on a cost basis. The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the year. The group's reportable segments under IFRS 8 are direct sales attributable to each line of business.

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after allocation of central administration costs based on services provided. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to consolidated totals are reported below:

Profit before taxation

	2021	2020
	Eur	Eur
Total profit for reportable segments	**7 338 739**	7 781 388
Elimination of inter segment profits	**(11 938 480)**	(457 824)
Unallocated amounts:		
Revenue	**69 500**	69 500
Administrative expenses	**(1 994 140)**	(1 488 101)
Finance costs	**(1 741 627)**	(1 741 627)
Other unallocated	**12 025 656**	1 048 872
	3 759 648	5 212 208

Included in revenue arising from rental of investment property in Romania are revenues of Eur2,395,135 (2020: Eur1,316,258) which arose from the group's largest customer. Another customer, located in Latvia, contributed to 16% of the group's revenue for 2021 amounting to Eur1,221,373 (2020: Eur1,218,069). No other single customer contributed to 10% or more of the group's revenue for both 2021 and 2020.

Assets

	2021	2020
	Eur	Eur
Total assets for reportable segments	**179 866 581**	130 146 840
Elimination of inter segment receivables	**(95 650 510)**	(44 443 410)
Unallocated amounts:		
Non-current assets held for sale	**30 700 000**	29 950 000
Other financial assets	**18 081**	15 665
Loans and receivables	**64 220 477**	32 916 721
Trade and other receivables	**2 603 943**	418 486
Current tax asset	**219 937**	-
Cash and cash equivalents	**26 714 685**	629 986
Other unallocated amounts	**2 684**	4 720
	208 695 878	149 639 008

Liabilities

	2021	2020
	Eur	Eur
Total liabilities for reportable segments	**125 239 851**	74 655 947
Elimination of inter segment payables	**(101 031 838)**	(49 828 542)
Unallocated amounts:		
Trade and other payables	**2 495 351**	14 669 251
Other financial liabilities	**33 839 398**	10 189 540
Current tax liabilities	**-**	177 312
Debt securities in issue	**36 709 455**	36 632 828
Deferred tax liabilities	**562 740**	467 590
	97 814 957	86 963 926

2021

	Malta	Latvia	Estonia	Lithuania	Romania	Total	Unallocated
	2021	2021	2021	2021	2021	2021	2021
	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	1 581 773	3 552 221	109 996	290 697	3 128 654	8 663 342	90 000
Unrealised exchange losses	-	-	-	-	76 065	76 065	-

Profit before tax	2 352 103	3 471 484	(7 914)	(30 726)	1 553 793	7 338 739	8 575 522
Depreciation and amortisation	880	10 590	-	-	787	12 256	12 256
Investment income	820 269	1 878 888	-	-	289 837	2 988 994	11 911 059
Investment losses	-	(235 810)	(100 000)	(214 151)	(122 041)	(672 002)	-
Finance income	404 686	274 702	7 444	2 432	81 707	770 971	1 054 523
Finance costs	(267 527)	(1 068 556)	-	(39 748)	(1 115 474)	(2 491 305)	(2 555 421)
Segment assets	43 627 582	64 145 824	2 114 845	28 005 053	41 973 277	179 866 581	120 779 806
Investment property	25 100 000	31 643 841	1 600 000	25 450 000	38 331 882	122 125 723	2 500 000
Additions to Investment property	-	10 422	-	20 730 000	668 000	21 408 422	-
Segment liabilities	23 266 246	45 642 413	926 476	30 047 116	25 716 451	125 598 701	73 645 471
Income tax (expense)/credit	(610 416)	(6 304)	-	(6 514)	(182 829)	(806 062)	(710 362)

2020

	Malta 2020 Eur	**Latvia 2020 Eur**	**Estonia 2020 Eur**	**Lithuania 2020 Eur**	**Romania 2020 Eur**	**Total 2020 Eur**	**Unallocated 2020 Eur**
Revenue	1 481 986	3 223 526	109 996	282 230	2 553 192	7 650 929	90 000
Unrealised exchange losses	-	-	-	-	99 435	99 435	-
Profit before tax	2 804 866	3 339 240	91 444	497 336	1 048 502	7 781 388	(1 943 768)
Depreciation and amortisation	95 055	13 043	-	-	800	108 898	108 898
Investment income	1 497 936	2 062 155	-	-	166 194	3 726 285	863 320
Investment losses	-	(232 922)	-	-	-	(232 922)	-
Finance income	252 658	361 578	7 445	6 329	(1 598)	626 412	1 161 306
Finance costs	(206 301)	(1 160 920)	-	(27 702)	(1 091 152)	(2 486 075)	(2 647 291)
Segment assets	34 886 813	48 768 561	2 139 776	5 082 005	39 269 685	130 146 840	63 935 576
Investment property	25 100 000	38 974 277	1 700 000	4 860 000	36 850 028	107 484 305	5 450 000
Additions to Investment property	128 039	74 590	-	-	869 936	1 072 565	26 790
Segment liabilities	12 395 049	33 011 003	943 502	2 783 392	25 527 881	74 660 827	62 136 515
Income tax (expense)/credit	(556 555)	50 001	-	(78 438)	(187 930)	(772 922)	(247 489)

6. Revenue

Revenue represents the total invoiced value of services provided and rents receivable during the year, net of any indirect taxe

	Group		**Holding company**	
	2021 Eur	2020 Eur	**2021 Eur**	2020 Eur
Rental income	**8 240 539**	7 740 929	**90 000**	90 000
Management fees	**-**	-	**69 500**	69 500
	8 240 539	7 740 929	**159 500**	159 500

7. Other operating income

	Group		**Holding company**	
	2021 Eur	2020 Eur	**2021 Eur**	2020 Eur
Other operating income	**209 957**	371 668	**-**	-
Income from write off of liabilities	**-**	-	**-**	7 499
	209 957	371 668	**-**	7 499

8. Investment income

	Group		**Holding company**	
	2021 Eur	2020 Eur	**2021 Eur**	2020 Eur
Increase in fair value of investment properties	**2 394 837**	4 184 400	**750 000**	863 320
Increase in fair value of property held for sale	**523 888**	-	**-**	-
Dividend income from equity instruments	**-**	-	**11 161 059**	-
	2 918 725	4 184 400	**11 911 059**	863 320

9. Investment losses

	Group		**Holding company**	
	2021	2020	**2021**	2020

	Eur	Eur	**Eur**	Eur
Decrease in fair value of investment properties	**555 860**	574 851	**-**	-
Acquisition related costs	**104 101**	232 922	**-**	-
Loss on acquisition of shares	**122 668**	-	**-**	-
Fair value movements during the year	**12 041**	1 603		
	794 670	**809 376**	**-**	**-**

10. Finance income

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Interest receivable on loan to other related company	**231 952**	181 644	**85 479**	181 644
Fair value movements during the year	**81 702**	-	**-**	-
Interest receivable on amounts due from subsidiaries	**-**	-	**875 570**	753 570
	313 654	181 644	**961 049**	935 214

11. Finance costs

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Interest on bank overdrafts and loans	**1 616 697**	1 589 134	**-**	-
Interest on debt securities	**1 665 000**	1 665 000	**1 665 000**	1 665 000
Interest payable on:				
Amounts due to other related companies	**60 885**	86 090	**60 885**	86 090
Amounts due to subsidiaries	**-**	-	**290 310**	205 701
Interest expense for leasing arrangements	**5 305**	4 878	**-**	-
Amortisation of bond issue expenses	**76 627**	76 627	**76 626**	76 627
Processing fees	**34 307**	4 525	**-**	-
Foreign exchange differences	**76 065**	99 435	**-**	-
	3 534 886	3 525 689	**2 092 821**	2 033 418

12. Profit/(loss) before tax

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Depreciation and amortisation	**12 256**	109 366	**880**	12 750
Depreciation on right of use assets	**34 626**	48 908	**-**	-
Management fees charged	**700 000**	700 000	**700 000**	700 000
Legal and professional fees	**789 590**	524 517	**520 974**	209 556
Unrealised exchange losses	**76 065**	99 435	**-**	-

The analysis of the amounts that are payable to the auditors and that are required to be disclosed is as follows:

Group

Total remuneration payable to the parent company's auditors in respect of the audit of the financial statements and the und statements amounted to *Eur27,000* (2020: *Eur21,000*) and the remuneration payable to the other auditors in respect consolidated financial statements amounted to *Eur53,580* (2020: *Eur49,656*). Other fees payable to the parent compan services other than tax services amounted to *Eur5,136* (2020: *Eur29,786*) and *Eur9,818* (2020: *Eur18,353*) respectively.

Holding company

The remuneration payable to the company's auditors for the audit of the company's financial statements amounted to *Eur 18* the company's auditors for tax services amounted to *Eur600* (2020: *Eur600)* .

13. Key management personnel compensation

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Directors' compensation:				
Short term benefits				
Fees	**70 418**	43 751	**70 418**	43 751
Remuneration	**210 882**	159 529	**-**	-
	281 300	203 280	**70 418**	43 751
Other key management personnel compensation				
Salaries and social security contributions	**104 604**	71 369	**47 269**	**43 898**
	104 604	71 369	**47 269**	**43 898**
Total directors' fees and other key management personnel	**385 904**	274,649	**117 687**	**87 649**

The group and the company incurred management fees in relation to the provision of key management personnel services a These management fees were paid to the parent company.

14. Staff costs and employee information

	Group	Holding company

	2021	2020	2021	2020
	Eur	Eur	**Eur**	Eur
Staff costs:				
Wages and salaries	**821 970**	746 277	**448 015**	307 696
Social security costs	**92 646**	94 884	**6 994**	6 343
Recharged by subsidiary	**-**	-		-
Recharged to other related companies	**-**	-	**-**	-
	914 616	841 161	**455 009**	314 039

The average number of persons employed during the year, including executive directors, was made up as follows:

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Administration	**12**	12	**5**	5
Operations	**3**	3	**-**	-
	15	15	**5**	5

15. Income tax expense

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Current tax expense	**331 500**	495 382	**615 207**	13 500
Deferred tax (credit)/ expense	**258 949**	620 154	**95 155**	233 989
	590 449	1 115 536	**710 362**	247 489

Tax applying the statutory domestic income tax rate and the income tax expense for the period are reconciled as follows:

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Profit before tax from continuing operations	**3 759 647**	5 212 207	**9 081 824**	(1 465 465)
Tax at the applicable rate of 35%	**1 315 877**	1 824 272	**3 178 638**	(512 913)
Tax effect of:				
Different tax rates of subsidiaries operating in other jurisdictions	**(106 974)**	(355 988)	**-**	-
Under provision of tax in prior years	**-**	-	**(33 553)**	-
Exempt Dividend Income	**-**	-	**(3 137 563)**	-
Disallowable expenses	**912 858**	1 031 372	**896 640**	825 564
Income not chargeable to tax	**(1 213 449)**	(552 743)	**-**	-
Maintenance allowance	**(72 572)**	(66 973)	**(6 300)**	-
Income tax at 15%	**(22 994)**	(40 994)	**-**	(18 000)
Net movement in value of investment property not subject to tax	**(222 441)**	(1 064 832)	**(262 500)**	(302 162)
Deferred tax on revaluation of investment property	**75 000**	380 199	**75 000**	255 000
Other differences	**(74 856)**	57 877	**-**	
Capital gains on disposal of shares	**-**	(96 654)	**-**	-
	590 449	1 115 536	**710 362**	247 489

16. Intangible assets

Holding company	**Computer software Eur**
Cost	
At 31 December 2021 and 2020	15 665
Carrying amount	
At 31 December 2021 and 2020	**15 665**

Group	**Computer software Eur**
Cost	
At 1 January 2021	18 033
Additions	-
At 31 December 2021	18 033
Accumulated amortisation	
At 1 January 2021	2 036
Provision for the year	309
At 31 December 2021	2 345

Carrying amount

At 31 December 2020	15 997
At 31 December 2021	**15 688**

As at 31 December 2021, all intangible assets owned by the group and the company have been put into use.

17. Property, plant and equipment

Group	**Furniture, fittings and other equipment Eur**	**Improvements to leasehold land Eur**	**Total Eur**
Cost			
At 1 January 2020	766 815	248 110	1 014 925
Additions	5 231	-	5 231
Disposals	(2 020)	-	(2 020)
At 1 January 2021	770 026	248 110	1 018 136
Additions	10 951	-	10 951
Disposals	(2 839)	-	(2 839)
At 31 December 2021	778 138	248 110	1 026 248
Accumulated depreciation			
At 1 January 2020	621 979	198 801	820 780
Provision for the year	68 510	49 309	117 819
At 1 January 2021	690 489	248 110	938 598
Provision for the year	12 256	-	12 256
At 31 December 2021	702 745	248 110	950 855
Carrying amount			
At 31 December 2020	79 539	-	79 539
At 31 December 2021	**75 392**	**-**	**75 392**

Holding company	**Furniture, fittings and other equipment Eur**
Cost	
At 1 January 2020	20 468
Additions	2 666
At 1 January 2021	23 134
Additions	-
At 31 December 2021	23 134
Accumulated depreciation	
At 1 January 2020	15 857
Provision for the year	3 982
At 1 January 2021	19 839
Provision for the year	880
At 31 December 2021	20 719
Carrying amount	
At 31 December 2020	3 295
At 31 December 2021	**2 415**

18. Right-of-use asset

T he following asset has been recognized as right-of-use asset for the group:

	Land Eur
Gross Carrying amount	
Adjustment on transition of IFRS 16 on 1 January 2019	58 864
At 1 January 2021	225 810
Additions	290
At 31 December 2021	226 100
Depreciation	
At 1st January 2020	28 255
Provision for the year	48 907
At 1st January 2020	77 162
Provision for the year	34 626
At 31 December 2021	111 788

Carrying amount	
At 31 December 2020	148 648
At 31 December 2021	**114 312**

The depreciation charge on right-of-use asset was included in administrative expenses.

The group has elected to disclose right-of-use assets separately in these financial statements. The information pertaini recognized during the year and other movements in right-of-use assets is included in the above table.

19. Investment property

Group	**Retail/ Commercial Properties Eur**	**Office Properties Eur**	**Other Properties Eur**	**Group Total Eur**
At 1 January 2020	77 812 186	29 691 707	2 400 000	109 903 893
Additions	969 457	129 897	-	1 099 354
Disposals	(1 609 600)	-	-	(1 609 600)
Increase in fair value	2 108 163	1 526 237	550 000	4 184 400
Decrease in fair value	(574 851)	-	-	(574 851)
Exchange differences	(68 889)	-	-	(68 889)
Transferred to property held for sale	(7 735 151)	-	-	(7 735 151)
At 31 December 2020	70 901 315	31 347 841	2 950 000	105 199 156
Acquired on business Combination(note 35)	20 730 000	-	-	20 730 000
Additions	678 422	-		678,422
Increase in fair value (Note 7)	1 644 837	-	750 000	2 394 837
Decrease in fair value (Note 8)	(555 860)	-	-	(555 860)
Exchange differences acquisition of investment	(109 871)	-	-	(109 871)
Transferred to property held for sale (Note 23)	-	-	(3 700 000)	(3 700 000)
Reclassification (Note 23)	9 157 357	(9 168 318)	-	(10 961)
At 31 December 2021	**102 446 200**	**22 179 523**	**-**	**124 625 723**

Holding	**Office Properties**	**Other Properties**	**Total**
At 1 January 2020	2 159 890	2 400 000	4 559 890
Additions	28 084	-	28 084
Increase in fair value	312 026	550 000.00	862 026.00
At 1 January 2021	2 500 000	2 950 000	5 450 000
Increase in fair value	-	750 000	750 000
Transferred to property held for sale	-	(3 700 000)	(3 700 000)
At 31 December 2021	**2 500 000**	**-**	**2 500 000**

Valuation techniques and inputs

For the fair value of the investment properties located in Malta, which were valued externally, the valuation was determinec unobservable inputs were the rental yields and rental rates per square metre being derived from the properties.

	Range of significant unobservable inputs	
	Rental Yields	**Rental rates per square metre**
	%	
2021	**6.1-3.6**	**455.96-98.9**
2020	5.92-3.6	455.96-98.9

For the fair value of the investment properties which were all valued externally, the valuation was determined based on cor inputs were the rental yields and rental rates per square metre being derived from the properties.

	Range of significant unobservable inputs		
	Discount rate	**Capitalisation rate**	**Growth rate**
	%	**%**	**%**
2021- Romania	**7.5**	**7.5-9**	**1.5**
2021- Baltics	**7.70-9.3**		**1.2-3.2**
2020- Romania	7.88-9.28		1.72-2.03
2020- Baltics	7.33-9.36		0.7-3.00

For each valuation for which rental value and capitalisation rate have been determined to be the significant unobservable inp capitalisation rate, the higher the fair value. Conversely, the lower the rental value and the higher the capitalisation rate, the unobservable inputs is not expected to result in a material change in the value of the property.

Operating leases – the Group as lessor

Operating leases relate to the investment property owned by the group with lease terms of between 1 to 20 years. The l property at the expiry of the lease period. The rental income earned under operating leases during the year amounted to *Eur8*

Direct operating expenses amounting to *Eur128,045* (2021: *Eur2,866*) were incurred by the group and the company respecti

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, th these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group when a prop during the lease term .

At the end of the reporting period, the respective lessees had outstanding commitments under non-cancellable operating leas

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Within one year	**8 282 450**	7 604 836	**90 000**	90 000
Between one and five years	**30 300 445**	28 113 703	**410 000**	500 000
After 5 years	**125 583 900**	35 953 990	**-**	-
	164 166 795	71 672 529	**500 000**	590 000

20. Investment in subsidiaries

	2021	2020
	Eur	Eur
At 1 January 2021	29 977 245	29 977 245
Acquisition of subsidiary	2 694	-
At 31 December 2021	**29 979 939**	29 977 245

Details of the company’s subsidiaries at 31 December 2021 and 2020 are as follows:

Hili Estates Holdings Company Limited
Hili Estates Limited
Premier Estates Limited

The registered office and principal place of business of all the above group undertakings is Nineteen Twenty-Three, Valletta

Details of the subsidiaries are as follows:
Hili Properties BV

The registered office and principal place of business of the above group undertaking is Herikerbergweg 88, 1101 CM, Amste

Premier Estates Eesti OÜ

The registered office and principle place of business of the above group undertaking is Tartu mnt 13 Kesklinna linnaosa, Tall

Premier Estates Ltd SIA

The registered office and principal place of business of the above group undertaking is Satekles street 2B, LV-1050, Latvia.

Apex Investments SIA

The registered office and principal place of business of the above group undertakings is Satekles street 2B, LV-1050, Latvia.

Premier Estates Lietuva UAB

The registered office and principal place of business of the above group undertaking is Tilto g. 1, LT-01101, Vilnius, the Rep

Indev UAB

The registered office and principal place of business of the above group undertaking is Tilto g. 1, LT-01101, Vilnius, the Rep

Tirdzniecibas Centrs Dole SIA

The registered office and principal place of business of the above group undertaking is Rîga, Maskavas iela 357 – 2, Latvia.

Dz78 SIA

The registered office and principal place of business of the above group undertakings is Satekles street 2B, LV-1050, Latvia.

Hili Properties Poland sp. z o.o.,

The registered office and principal place of business of the above group undertakings is Warsaw 00-839, ul. Towarowa 28, P

Hili Premier Estates Romania SRL

The registered office and principal place of business of the above group undertaking is 4-8 Nicolae Titulescu road, America

Premier Assets Romania SRL

The registered office and principal place of business of the above group undertaking is 4-8 Nicolae Titulescu road, America

The principal activity of the above-mentioned companies is to hold and rent immovable property, with the exception of H Properties BV which act as holding companies.

Details of the share capital and reserves and profit for the year of the companies in which the company has direct ownership

2021	**Equity**	**Profit/(loss) for the year**
	Eur	**Eur**
Hili Estates Holdings Company Limited	7 370 606	655 622
Hili Properties BV	6 153 812	(506 302)

2020	**Equity**	**Profit/(loss) for the year**
	Eur	**Eur**
Hili Estates Holdings Company Limited	7 382 874	(4 790)
Hili Properties BV	13 892 393	(478 302)

21. Deposit on acquisition of investment

On 25 August 2015, the company entered into a promise of share purchase agreement whereby it undertook to accept, purch (APM) Investments Limited for the sum of *Eur25,000,000* . Harbour (APM) Investments Limited is the company tha 92,000m2. In 2015, a 50% deposit was paid. In 2017, *Eur12,000,000* of the remaining balance was settled, *Eur5,000,000* of settled pursuant to an assignment of debt to Hili Ventures Limited and subsequently capitalised in the share capital of the cor

Both the company and the vendor have the unilateral and unconditional right to rescind the agreement, in which case the repayable on the demand by the company. The agreement for the share transfer was executed with Harbour (APM) Investme

22. Loans and receivables

Group

	Loans to other related companies
	Eur
2021	
Amortised cost	
At 31 December 2021	4 314 568
Less: amounts expected to be settled within 12 months (shown under current assets)	**(3 089 432)**
Amounts expected to be settled after 12 months (shown under non-current assets)	**1 225 136**
2020	
Amortised cost	
At 31 December 2020	5 283 898
Less: amounts expected to be settled within 12 months (shown under current assets)	(52 565)
Amounts expected to be settled after 12 months (shown under non-current assets)	5 231 333

Amounts due from other related companies amounted to Eur4,314,568 (2020: Eur5,283,898). From this amount Eur 3,089,4 the rate of 6.5% per annum. Amount of Eur 1,225,136 are expected to be realised in 2025 and receivables are interest free.

Holding company

	Loan to subsidiaries	**Loan to other related parties**	**Total**
	Eur	**Eur**	**Eur**
2021			
Amortised cost			
At 31 December 2021	**55 487 773**	**1 225 691**	**56 713 464**
Less: amounts expected to be settled within 12 months (shown under current assets)	(21 794 056)	-	(21 794 056)
Amounts expected to be settled after 12 months (shown under non-current assets)	**33 693 717**	**(1 225 691)**	**34 919 408**
2020			
Amortised cost			
At 31 December 2020	23 433 981	5 243 716	28 677 697
Less: amounts expected to be settled within 12 months (shown under current assets)	(9 239 600)	(12 383)	(9 251 983)
Amounts expected to be settled after 12 months (shown under non-current assets)	14 194 381	5 231 333	19 425 714

The above loans and receivables are unsecured.

Included in loans to subsidiaries is an amount of *Eur33,693,717* (2020: *Eur 14,194,381*) which carries interest at the rate receivables are interest free.

Amount of *Eur 1,225,136* are expected to be realised in 2025 and receivables are interest free.

23. Property held for sale

	Group
	Eur
Fair Value	
At 1 January 2020	3 774 413
Disposals	(3 774 413)
Fair value uplifts (note 8)	-
Net movements from investment property	7 735 151
At 1 January 2021	7 735 151
Fair value uplifts (note 8)	523 888
Net movements from investment property (note 19)	3 700 000
Reclass (note 19)	10 961
At 31 December 2021	**11 970 000**

	Holding
	Eur
Fair Value	
At 1 January 2021 and 2020	-
Net movements from investment property (note 19)	3 700 000
At 31 December 2021	**3 700 000**

Property held for sale are investment properties earmarked for sale. It is classified under non- current assets.

24. Trade and other receivables

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Trade receivables	**242 704**	230 120	**2 071**	8 460
Other receivables	**381 088**	405 675	**145 888**	199 218
Amounts due from other related parties	**141 748**	124 379	**240**	3 013
Amounts due from parent	**2 229 279**	538 858	**2 175 000**	176 084
Amounts due from subsidiaries	**-**	-	**-**	-
Prepayments and accrued income	**572 232**	428 099	**62 531**	19 323
	3 567 051	1 727 131	**2 385 730**	406 098
Less:				
Amounts due for settlement after more than 12 months	**(127 254)**	(122 637)	**-**	-
Amount expected to be settled within 12 months	**3,439,797**	1 604 494	**2 385 730**	406 098

Trade and other receivables are unsecured, interest free and payable on demand.

25. Trade and other payables

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Trade payables	**510 495**	371 296	**98 789**	3 243
Amounts due to other related companies	**554 732**	499 148	**552 336**	492 304
Amounts due to group companies	**-**	-	**-**	132 954
Amounts due to ultimate parent company	**217 843**	321 715	**210 659**	319 539
Other payables	**838 911**	930 337	**50 566**	46 989
Accruals and deferred income	**1 687 190**	1 408 388	**1 009 157**	690 047
	3 809 171	3 530 884	**1 921 507**	1 685 076
Less: amount due for settlement within 12 months (shown under current liabilities)	**(3 299 242)**	(3 125 164)	**(1 921 507)**	(1 685 076)
Amount due for settlement after 12 months	**509 929**	405 720	**-**	-

Trade and other payables are unsecured interest free and payable on demand.

26. Other financial liabilities

Group	**Loan from other related companies Eur**	**Derivative financial instrument Eur**	**Total Eur**
As at December 2021	**730 082**	**54 402**	**784 484**
Less: amounts expected to be settled within 12 months (shown under current liabilities)	(721 802)	-	**(721 802)**
Amounts expected to be settled after 12 months (shown under non- current liabilities)	**8 280**	**54 402**	**62 682**
As at December 2020	1 732 402	107 000	1 839 403

Less: amounts expected to be settled within 12 months (shown under current liabilities)	(10 600)	-	(10 600)
Amounts expected to be settled after 12 months (shown under non- current liabilities)	1 721 802	107 000	1 828 802

Included in loan from other related companies is an amount of Eur721,802 (2020: Eur1,721,802) that carries interest at the r
31st December 2022.

All financial liabilities listed above are unsecured.

Derivative financial instruments of Eur54,402 (2020 – Eur107,000) comprise an interest rate swap whereby one of the subsi
2017 a contract to swap the floating rate on bank borrowings (note 27) to a fixed rate. The interest rate swap is stated at fai
classified as held for trading. The amount of Eur54,402 (2020 – Eur107,000) is classified with non- current liabilities.

The notional principal amounts of the outstanding interest rate swaps at the end of the reporting period amounted to Eur1
2022. At the end of the reporting period, the fixed interest rates on interest rate swaps amount to 0.14% (2020- 0.14
EURIBOR3M). The interest rate swaps settle on a quarterly basis and the group settles the difference between the fixed and

Holding company	Loan from subsidiaries Eur	Loan from parent Eur	Loan from other related Eur	Total Eur
As at December 2021	12 554 488	-	721 802	**13 276 290**
Less: amounts expected to be settled within 12 months (shown under current liabilities)	(1 984 304)	-	(721 802)	**(2 706 106)**
Amounts expected to be settled after 12 months (shown under non- current liabilities)	**10 570 184**	**-**	**-**	**10 570 184**
As at December 2020	8 148 233	-	1 721 802	9 870 035
Less: amounts expected to be settled within 12 months (shown under current liabilities)	(2 821 073)	-	-	(2 821 073)
Amounts expected to be settled after 12 months (shown under non- current liabilities)	5 327 160	-	1 721 802	7 048 962

Amounts due to other related companies of Eur721,802 (2020: Eur1,732,402) bear an interest rate of 5% per annum and will

The remaining amounts owed are interest free and payable on demand and all financial liabilities listed above are unsecured.

27. Bank overdraft and loans

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Bank loans	**52 499 924**	40 840 919	-	-
Less: amount due for settlement within 12 months (shown under current liabilities)	**(4 796 331)**	(5 284 907)	-	-
Amount due for settlement after 12 months	**47 703 593**	35 556 012	-	-

Bank overdraft and loans are payable as follows:

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
On demand or within one year	**4 796 331**	5 284 908	-	-
Between one and five years	**22 775 436**	20 529 127	-	-
After five years	**24 928 157**	15 026 885	-	-
	52 499 924	40 840 920	-	-

The group's bank loans facilities bear effective interest at the rates ranging from 2.09% to 4.1% p.a (2020: 3.25% to 4.85%)
to *Eur52,499,924* (2020: *Eur40,840,920*). The facilities are secured by special hypothecs over the investment property of
the group, guarantees provided by other related party and a pledge over rent receivable from the group's tenants.

28. Lease Liability

Lease liabilities are presented in the statement of financial position as follows:

	Group	Group
	2021	2020
	Eur	Eur

Current		
Lease Liability	**32 864**	33 938
Non-current		
Lease Liability	**84 945**	117 579

The group has leases for its land used as car park facilities to one of it's investment property located in Malta and its offic
other short-term leases (leases with an effected term of 12 months or less) and leases of low-value underlying assets.

Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of group s
of the lease liability and asset. The group classifies its right-of-use assets in a consistent manner to its property, plant and e
secured by the related underlying assets. Future minimum lease payments at 31 December 2021 were as follows:

	Not later than one-year Eur	Later than one year but not later than five years Eur	Later than five years Eur	Total Eur
			-	
Lease payments	36 906	89 181		126 087
Finance charges	(4 042)	(4 236)	-	(8 278)
	32 864	84 945	-	117 809

29. Debt securities in issue

	Group and Holding company	
	2021	2020
	Eur	Eur
4.5% unsecured bonds, redeemable 2025	**36 709 455**	36 632 828

In October 2015, the company issued 370,000 4.5% unsecured bonds of a nominal value of Eur100 per bond. The bonds are

Interest on the bonds is due and payable annually on 16 October of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bond is net of direct issue
over the life of the bond. The market value of debt securities on the last trading day before the statement of fina
Eur37,003,700).

The bond is guaranteed by Harbour (APM) Investments Limited and Hili Estates Limited. The full terms of the guarantee are

30. Deferred taxation

Group	**Opening Balance Eur**	**Recognised in profit or loss Eur**	**Closing balance Eur**
2021			
Arising on:			
Investment property	(3 179 845)	(258 949)	**(3 438 794)**
Other temporary differences	26 489	-	**26 489**
	(3 153 356)	(258 949)	**(3 412 305)**
Arising on:			
Unutilised tax losses	8 495	-	**8 495**
Unabsorbed losses arising as a result of merger	290 927	-	**290 927**
Investment property	47 741	-	**47 741**
Other temporary differences	(51 476)	-	**(51 476)**
	295 687	-	**295 687**

	Opening Balance Eur	**Recognised in profit or loss Eur**	**Closing balance Eur**
2020			
Arising on:			
Investment property	(2 559 691)	(620 154)	(3 179 845)
Other temporary differences	26 489	-	26 489
	(2 533 202)	(620 154)	(3 153 356)
Arising on:			
Unutilised tax losses	8 495	-	8 495
Unabsorbed losses arising as a result of merger	290 927	-	290 927
Investment property	47 741		47 741
Other temporary differences	(51 476)	-	(51 476)
	295 687	-	295 687

Holding Company	**Opening Balance Eur**	**Recognised in profit or loss Eur**	**Closing balance Eur**

2021			
Deferred tax			
Arising on:			
Other temporary differences	27 408	(20 155)	7 253
Arising on:			
Investment property	(495 000)	(75 000)	(570 000)
	(467 592)	(95 155)	(562 747)

	Opening Balance Eur	Recognised in profit or loss Eur	Closing balance Eur
2020			
Arising on:			
Other temporary differences	6 391	21 017	27 408
Arising on:			
Investment property	(240 000)	(255 000)	(495 000)
	(233 609)	(233 983)	(467 592)

31. Share capital

	2021	
	Authorised Eur	Issued and called up Eur
600,000,000 ordinary shares of Eur0.2 each	120 000 000	**80 178 540**

	2020	
	Authorised Eur	Issued and called up Eur
60,000,000 ordinary shares of Eur1 each	60 000 000	**41 592 000**

On 19 May 2015:

(i) The authorised share capital of the company was increased by 100,000 ordinary shares of Eur1 each.
(ii) The issued share capital of the company was increased by 100,000 ordinary shares of Eur1 each, which were issued at a premium of Eur39 per share and was satisfied by the capitalisation of shareholders' loans amounting to Eur4,000,000.
(iii) Subsequent to the above also on 19 May 2015, an amount of Eur3,900,000 equal to the share premium was applied to the company's loss offset reserve account for the purpose of offsetting any losses that may be incurred by the company from time to time. Consequently, the remaining balance in the said loss offset reserve amounted to Eur748,427.

On 27 August 2015:

(i) The authorised share capital of the company was increased by 6,500,000 ordinary shares of *Eur1* each.
(ii) The issued share capital of the company was increased by 6,500,000 ordinary shares of *Eur1* each which was also affected via a capitalisation of shareholders' loans.

There were no changes in the share capital of the company during the year ending 31 December 2016.

On 14 November 2017, *Eur7,000,000* of the amounts due in relation to the purchase of shares in Harbour (APM) Investment and subsequently capitalised in the share capital of the company on 28 November 2017 as follows:

(i) The authorised share capital of the company was increased by 7,400,000 ordinary shares of *Eur1* each.
(ii) The issued share capital of the company was increased by 7,000,000 ordinary shares of *Eur1* each.

On 5 March 2018:

(i) The authorised share capital of the company was increased by 3,000,000 ordinary shares of *Eur1* each.
(ii) The issued share capital of the company was increased by 3,000,000 ordinary shares of *Eur1* each through a cash contribution of *Eur3,000,000.*

On 8 August 2018:

(i) The authorised share capital of the company was increased by 28,000,000 ordinary shares of *Eur1* each.
(ii) The issued share capital of the company was increased by 8,800,000 ordinary shares of *Eur1* each through a cash contribution of *Eur8,800,000.*

In 2020:

(i) Loans received from the parent company amounting to *EUR 1,192,000* have been earmarked for capitalization to equity by the company.

In 2021:

In October 2021, the company has increased its share capital by an amount of *Eur18,408,000* with a nominal value of Eur1
2021, the company has raised additional capital through an Initial Public Offering and listing on the Malta Stock Exchange b
direct share issuance costs incurred amounted to *Eur496,131* and shown as other reserves and a deduction to equity. Th
600,000,000 ordinary shares, Eur0.20 each. The issued share capital consists of 400,892,700 ordinary shares of Eur0.20 each

As of 31 December 2021, the market price of the ordinary shares on the Malta Stock Exchange was Eur0.27 each.

The Ordinary shares of the company participate equally in any payment of dividends or any distribution and return of capita
specified in the Memorandum and Articles of Association the Company.

32. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statement of finan

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
Cash at bank and on hand	**37 193 295**	3 058 382	**26 714 686**	629 986
Cash and cash equivalents in the statements of cash flows	**37 193 295**	3 058 382	**26 714 686**	629 986

Cash at bank is interest free.

Restricted cash which is not available for use by the group as at 31 December 2021 amounted to *Eur1,803,507 (* 2020: *E*
Romania for the duration of the loan of 20 years and is equivalent to the monthly bank loan principal and interest payment du
future refurbishments on the property. Accordingly, this is classified under non-current assets.

33. Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including, where applicable, bot
from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash

Group	**Opening balance Eur**	**Cash Eur**	**Non-Cash Eur**	**Accrued unpaid interest Eur**	**Closing Balance Eur**
Bank loans	40 840 921	11 659 003	-	-	52 499 924
Loans from related parties	1 839 402	(988 426)	-	(60 885)	790 091
	42 680 323	**10 670 577**	**-**	**(60 885)**	**53 290 015**

Holding company	**Opening balance Eur**	**Cash Eur**	**Non-Cash Eur**	**Accrued unpaid interest Eur**	**Closing Balance Eur**
Loans from related parties	9 870 035	3 406 255	-	-	13 276 290

34. Disposal of Subsidiary

On the 27 November 2020, the Group disposed of 100% interest in Tukuma projekts Ltd. An analysis of assets and liabilities

	2020 Eur
Investment property (note 19)	1 600 000
Trade and other receivables	16 858
Cash and cash equivalents	44 642
Trade and other payables	(102 300)
Taxation payable	(2 774)
Net assets disposed of	1 556 426
Consideration receivable	1 756 426
Gain on disposal of Subsidiary	200 000

The Group made a gain of *Eur200,000* from the sale of shares in the subsidiary. No similar sale transaction has occurred in 2

35. Acquisition of Subsidiary

On 28 December 2021, the Group acquired 100% interest and control in Indev UAB, a company registered in Lithuania, wh
Economic Zone. The purpose of the acquisition was to expand the portfolio of investment property held by the Group. Th
results of the subsidiary from the date of acquisition.

The fair value of the identifiable assets acquired, and liabilities assumed as at the date of acquisition by the Group were:

	Indev UAB Eur
Investment property (note 19)	20 730 000
Trade payables	(13 273)
Shareholder's loans	(16 810 972)
Net assets acquired	3 905 755
Shares in subsidiaries	(4 028 423)

Loss on acquisition (note 9)	(122 668)

Acquisition related expenses amounting to Eur104,101 have been excluded from the consideration transferred and have bee note 9. No revenues or profits were generated from the date of acquisition until 31 December 2021 since the building purc moved into the building and as from January 2022.

36. Events after the reporting period

Following the end of the reporting period, the following post balance sheets even are to be noted:

- On the 28th of March, 2022 the group acquired 7,863 sqm shopping centre in Riga, Latvia, for a net price of Eur20,000,000.00. The acquisition has been structured as a share sale pursuant to which a subsidiary of the Company incorporated in Latvia (SIA "Premier Estates Ltd" (registration number 40003993068)) acquired 100% of the issued share capital of SIA "SC Stirnu", incorporated in Latvia (registration number 40203080142).

- On the 31st March, 2022 the company finalised the final deed on the transfer of shares of Harbour APM, thereby effectively adding to its portfolio around 92,000 sqm of land at Benghajsa.

37. Related party transactions

Hili Properties p.l.c. is the parent company of the undertakings highlighted in note 20. The parent company of Hili Pro incorporated in Malta having its registered office at Nineteen Twenty-Three, Valletta Road, Marsa MRS 3000, Malta financial statements available for public use. Copies of the consolidated financial statements may be downloaded from th Ventures Limited. The directors consider the ultimate controlling party to be Carmelo Hili, who exercises control over m Ventures Limited.

The company and the group entered into related party transactions with the parent company and other related parties transactions with its subsidiaries. Other related parties consist of related parties other than the parent, entities with joint co subsidiaries, associates, joint ventures in which the company is venture and key management personnel of the company or

During the year under review, the company and the group entered into transactions with related parties set out below.

	2021			2020		
Group	**Related party activity Eur**	**Total activity Eur**	**%**	**Related party activity Eur**	**Total activity Eur**	**%**
Revenue:						
Related party transactions with:						
Parent company	497 126	-		517 095	-	
Other related parties	2 482 257	-		2 321 151	-	
	2 979 383	**8 240 539**	**36%**	2 838 246	7 740 929	37%
Administrative expenses:						
Related party transactions with:						
Parent company	700 000	-		919 812	-	
Other related parties	34 800	-		60 254	-	
	734 800	**2 981 256**	**25%**	980 066	2 667 311	21%
Other operating income:						
Related party transactions with:						
Parent company	-	-		-	-	
Subsidiaries	-	-		-	-	
	-	**209 957**	**0%**	-	371 668	0%
Finance income:						
Related party transactions with:						
Parent company	-	-		46 302	-	
Subsidiaries	-	-		375 352	-	
Other related parties	85 479	-		135 342	-	
	85 479	**313 654**	**27%**	510 694	180 041	309%
Finance costs:						
Related party transactions with:						
Parent company	-	-		660 033	-	
Other related parties	60 885	-		86 090	-	
	60 885	**3 534 886**	**3%**	746 123	3 525 688	21%

	2021			2020		
Holding Company	**Related party activity Eur**	**Total activity Eur**	**%**	**Related party activity Eur**	**Total activity Eur**	**%**
Revenue:						
Related party transactions with:						
Other related parties	69 500	159 500		69 500	159 500	
	69 500	**159 500**	**44%**	69 500	159 500	44%
Administrative expenses:						
Related party transactions with:						
Subsidiaries	-	-		-	-	
Parent company	700 000	1 856 964		700 000	1 397 579	
	700 000	**1 856 964**	**38%**	700 000	1 397 579	50%
Finance income:						
Related party transactions with:						

Parent company	-	-		46 302	46 302	
Subsidiaries	-	-		-	-	
Other related parties	85 479	961 049		135 342	135 342	
	85 479	**961 049**	**9%**	181 644	181 644	100%
Finance costs:						
Related party transactions with:						
Parent company	-	-		-	-	
Subsidiaries	-	-		-	-	
Other related parties	60 885	2 092 821		86 090	2 120 574	
	86 090	**2 092 821**	**4%**	86 090	2 120 574	4%

Other related party transactions are disclosed in notes 22, 24, 25 and 26.

No expense has been recognised in the period for bad or doubtful debts in respect of amounts due from related parties a respect of outstanding amounts due from related parties.

Key management personnel compensation is disclosed in note 13 and recharges of staff costs to related parties are disclose in note 38.

During 2021 and 2020, no tax losses were surrendered to the holding company by the parent company.

No guarantees have been given or received. The terms and conditions in respect of the related party balances do not speci in settlement.

38. Contingent liabilities

The group and the company had no contingent liabilities as at 31 December 2021 and 2020.

39. Capital commitments

	Group		Holding company	
	2021	2020	**2021**	2020
	Eur	Eur	**Eur**	Eur
	-		-	-
Investment property		869 936		
Contracted for	-	(869 936)	-	-
Authorised by not contracted for	-	-	-	-

40. Fair values of financial assets and financial liabilities

At 31 December 2021 and 2020 the carrying amounts of financial assets and financial liabilities classified with cu approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of the debt securities in issue are disclosed in note 29. The fair values of the other non-current financia other than investments in subsidiaries, are not materially different from their carrying amounts due to the fact that the inter at the year end. The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the di and the credit risk of counterparties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to whi observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access a
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, ei
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company and t to have occurred between Levels in the hierarchy at the end of each reporting period.

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognitic amounts that are reasonable approximations of fair value, and other than investments in subsidiaries, associates and jointly

Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying amount**
	Eur	**Eur**	**Eur**	**Eur**	**Eur**
2021					
Financial assets					
Deposit on the acquisition of investment	**-**	**24 500 000**	**-**	**24 500 000**	**24 500 000**
Financial assets at amortised cost					
- Receivables from related parties	**-**	**-**	**4 314 568**	**4 314 568**	**4 314 568**
- Trade and other receivables	**-**	**-**	**2 994 819**	**2 994 819**	**2 994 819**
At 31 December 2021	**-**	**24 500 000**	**7 309 387**	**31 809 387**	**31 809 387**
Financial liabilities					
Financial liabilities at amortised cost					
- Other financial liabilities	**-**	**-**	**784 484**	**784 484**	**784 484**
- Trade and other payables	**-**	**-**	**3 809 171**	**3 809 171**	**3 809 171**

	Level 1	Level 2	Level 3	Total	Carrying amount
- Bank borrowings	-	52 499 924	-	52 499 924	52 499 924
- Debt securities	36 709 455	-	-	36 709 455	36 709 455
At 31 December 2021	36 709 455	52 499 924	4 593 655	93 803 034	93 803 034

	Level 1	Level 2	Level 3	Total	Carrying
	Eur	Eur	Eur	Eur	amount Eur
2020					
Financial assets					
Deposit on the acquisition of investment	-	24 500 000	-	24 500 000	24 500 000
Loans and receivables					
- Receivables from related parties	-	52 565	5 231 333	5 283 898	5 283 898
- Trade and other receivables	-	-	1 299 032	1 299 032	1 299 032
At 31 December 2020	-	24 552 565	6 530 365	31 082 930	31 082 930
Financial liabilities					
Financial liabilities at amortised cost					
- Other financial liabilities	-	10 600	1 828 803	1 839 403	1 839 403
- Trade and other payables	-	-	3 530 884	3 530 884	3 530 884
- Bank borrowings	-	40 840 919	-	40 840 919	40 840 919
- Debt securities	36,632,828	-	-	36,632,828	36 632 828
At 31 December 2020	36,632,828	40 851 520	5 359 687	82,844,034	82 844 034

Holding company	Level 1	Level 2	Level 3	Total	Carrying amount
	Eur	Eur	Eur	Eur	Eur
2021					
Financial assets					
Deposit on the acquisition of investment	-	24 500 000	-	24 500 000	24 500 000
Loans and receivables					
- receivables from related parties	-	-	56 713 464	56 713 464	56 713 464
- trade and other receivables	-	-	2 323 199	2 323 199	2 323 199
At 31 December 2021	-	24 500 000	56 650 933	81 150 933	81 150 933
Financial liabilities					
Financial liabilities at amortised cost					
- Other financial liabilities	-	2 706 106	10 570 184	13 276 290	13 276 290
- Trade and other payables	-	-	1 921 507	1 921 507	1 921 507
- Debt securities	36 709 455	-	-	36 709 455	36 709 455
At 31 December 2021	36 709 455	2 706 106	12 491 691	51 907 252	51 907 252

	Level 1	Level 2	Level 3	Total	Carrying amount
	Eur	Eur	Eur	Eur	Eur
2020					
Financial assets					
Deposit on the acquisition of investment	-	24 500 000	-	24 500 000	24 500 000
Loans and receivables					
- receivables from related parties	-	9 024 601	19 462 338	28 486 939	28 486 939
At 31 December 2020	-	33 524 601	19 462 338	52 986 939	52 986 939
Financial liabilities					
Financial liabilities at amortised cost					
- Other financial liabilities	-	2 821 073	7 048 962	9 870 035	9 870 035
- Debt securities	36 556 201	-	-	36 556 201	36 556 201
At 31 December 2020	36 556 201	2 821 073	7 048 962	46 426 236	46 426 236

41. Financial risk management

The exposures to risk and the way risks arise, together with the group’s and company’s objectives, policies and process disclosed in more detail below. The objectives, policies and processes for managing financial risks and the methods use improvement and development. Where applicable, any significant changes in the group’s and company’s exposure to fina company manage and measure these risks are disclosed below.

Where possible, the group and company aim to reduce and control risk concentrations. Concentrations of financial risl characteristics are influenced in the same way by changes in economic or other factors.

The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more d

Credit risk

Financial assets which potentially subject the group and the company to concentrations of credit risk consist principally of

Loans and receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made whe on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Loans and receivables and certain trade receivables comprise amounts due from related parties. The company's concentra are considered limited as there were no indications that these counterparties are unable to meet their obligations. Managen Management does not consider loans and receivables to have deteriorated in credit quality and the effect of management determined to be insignificant to the results of the company.

Cash at bank is placed with reliable financial institutions. The credit risk on liquid funds is limited because the counterpart international credit-rating agencies. The rating of the main bank with which the group has 76% of its cash at bank for the 38% BBB+).

Management considers the credit quality of these financial assets as being acceptable.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by internatic

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents without taking account of the value of any collateral obtained. Contingent liabilities are disclosed in note 38, and no guarar

Interest rate risk

The group and the company granted and received interest-bearing loans as disclosed in notes 22, 26 and 27. The interest are disclosed accordingly. Where applicable, the interest rates on cash at bank are disclosed in note 32. The group is expo: and debt instruments carrying a floating interest.

Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by re

The carrying amounts of the group's and company's financial instruments carrying a rate of interest at the end of the re financial statements.

Sensitivity analysis

The group has used a sensitivity analysis technique that measures the change in cash flows of the group's bank borrowing the reporting period for hypothetical changes in the relevant market risk variables. The sensitivity due to changes in the rel

The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain mar differ materially from those projected results due to the inherent uncertainty of global financial markets. The sensitivity practice market rates rarely change in isolation and are likely to be interdependent.

The estimated change in cash flows for changes in market interest rates are based on an instantaneous increase or decrea period, with all other variables remaining constant.

The sensitivity of the relevant risk variables is as follows:

	Group	
	Profit or loss sensitivity	
	2021	2020
	Eur	Eur
Market interest rates – cash flow	**+/-76k**	+/-189k

The sensitivity on profit or loss in respect of market interest rates is mainly attributable to bank loans.

Liquidity risk

The group monitors and manages its risk to a shortage of funds by maintaining sufficient cash, by matching the maturity o and by monitoring the availability of raising funds to meet commitments associated with financial instruments.

The group is in a net current assets position of Eur34,611,131 (2020: current liability position of Eur4,541,767). The p current year is attributable to the cash obtained from the Initial Public Offering launched, towards the end of the year.

The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractu earliest date on which the company can be required to pay. The analysis includes both interest and principal cash flows.

Group	**On demand or within one year**	**2-5 years**	**Over 5 years**	**Total**
	Eur	**Eur**	**Eur**	**Eur**
2021				
Non-interest bearing	**3 299 242**	**-**	**509 929**	**3 388 182**
Fixed rate instruments	**2 386 802**	**41,995,000**	**-**	**44 381 802**
Derivative financial liabilities	**-**	**54 402**	**-**	**54 402**
	5 686 044	**42 049 402**	**509 929**	**47 824 386**

2020				
Non-interest bearing	3 125 164	-	405 720	3 530 884
Fixed rate instruments	2 751 090	43 660 0000	-	46 411090
Derivative financial liabilities	-	107 000	-	107 000
	5 876 254	43 767 000	405 720	50 048 974

Holding company	**On demand or within one year Eur**	**2-5 years Eur**	**Over 5 years Eur**	**Total Eur**
2021				
Non-interest bearing	**1 782 496**	**-**	**-**	**1 782 496**
Fixed rate instruments	**2 878 253**	**41 995 000**	**-**	**44 873 253**
	4 799 759	**41 995 000**	**-**	**46 655 749**
2020				
Non-interest bearing	1 685 076	-	-	1 685 076
Fixed rate instruments	3 878 253	43 660 000	-	38 127 711
	5 563 329	43 660 000	-	39 812 787

Currency risk

Foreign currency transactions arise when the group buys or sells goods or services whose price is denominated in fore amounts payable or receivable are denominated in a foreign currency or acquires or disposes of assets, or incurs or settles l

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and thereto.

The functional currency of all the subsidiaries, except one of the Romanian entries, was the Euro both in the current year a entity, which has the Romanian Lei as its functional currency, is recognised in the group's other comprehensive income in a

Capital risk management.

The groups and the company's objective when managing capital are to safeguard its ability to continue as a going conc through the optimisation of the debt and equity balance.

The capital structure of the group and the company consists of debt, which includes the borrowings disclosed in note disclosed in note 32 and of items presented within equity in the statement of financial position.

The group's directors manage the capital structure and adjust in the light of changes in economic conditions. The capital s on recommendations of the directors, the group balances its overall capital structure through the payments of dividends, n or the redemption of existing debt.

Independent auditor's report

To the shareholders of Hili Properties p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hili Properties p.l.c. (the "Company") and of the Group of which it is the parent, which c 31 December 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and state notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Gro performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adop properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance v Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statemen responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and app conducting our audit, we have remained independent of the Company and the Group and have not provided any of the non-audit serv Profession Act, Cap. 281. The non-audit services that we have provided to the Company and the Group during the year ended 31 financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial state significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters were addressed in t as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value of investment properties and properties held for sale

Key audit matter

The carrying amounts of the Group's and the Company's investment properties carried at fair value as at 31 December 2021 amount to the carrying amount of the Group's and the Company's properties held for sale also carried at fair value at the end of the reporting respectively. Management determined the fair values through internal assessment made by the directors by reference to external indepe information.

The fair value of investment properties and properties held for sale were significant in our audit because the amounts are material to t and financial statements of the Company and that the processes of determining the fair values involve significant judgement and estima

The method and assumptions used in determining the fair value of investment properties is fully described in notes 3 and 19 of the fina

How the key audit matter was addressed in our audit

Our valuation specialists evaluated the suitability and appropriateness of the valuation methodology applied by management and revie the underlying assumptions. We tested the integrity of inputs of the projected cash flows used in the valuation by examining supportin We challenged the discount rate used in the valuation by comparing with industry data, taking into consideration comparability and ma objectivity of the independent valuation experts appointed by the directors. We also communicated with management and those charg to provide satisfactory responses to our questions.

On the basis of our work, we determined that management's assessment on the fair values of investment properties and properties held

Other information

The directors are responsible for the other information. The other information comprises (i) the Chairman's Statement, (ii) the Cl Statement of directors' responsibilities, (v) the Corporate Governance Statement, (vi) the Remuneration Policies, (vii) the Disclosure i Statement of Directors pursuant to Capital Market Rule 5.68 which we obtained prior to the date of this auditor's report, but does not report thereon.

Our opinion on the financial statements does not cover the other information, including the Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in dc materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misst

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 17 report included in the Remuneration Policies, whether this has been prepared in accordance with Chapter 12 of the Capital Mar Authority (the "Capital Market Rules").

Based on the work we have performed, in our opinion:

- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' report has been prepared in accordance with the Act, and

- The Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules.

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the cours identified material misstatements in the Directors' report and other information that we obtained prior to the date of this auditor's repo

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the prep material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group's ability to continue as a relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company c alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatem auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit cond material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in th influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout t

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or the Group's ability to continue as a going concern. In particular, it is difficult to evaluate all the potential implications that the current conflict in Ukraine may have on the Group's business.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express and opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regardi all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguar

From the matters communicated with those charged with governance, we determine those matters that were of most significance in tl period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequen outweigh the public interest benefit of such communication.

Reports on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the " Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountan Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on t of Harvest Technology p.l.c. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Report and Consolidated Financial Statements and the relevant mark-up requ Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Report and Consolidated Financial Statements and the relevant respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordar

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Report and Consolidated Financial Statements , in accordance with the requirements of the ESEF RTS.

- Obtaining the Report and Consolidated Financial Statements and performing validations to determine whether the Report and Consolidated Financial Statements have been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.

- Examining the information in the Report and Consolidated Financial Statements to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

- We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Report and Consolidated Financial Statements for the year ended 31 December 2021 has been prepared, in all mat of the ESEF RTS.

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Capital Market Rules require the directors to prepare and include in their Annual Report a Statement of Compliance providing adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure complia Principles.

The Capital Market Rules also require us, as the auditor of the Company, to include a report on the Statement of Compliance prepared

We read the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent m financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is cons Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Corporate Gove form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate Governance Statement has been properly prepared in accordance with the requirements of the Capital M

Other matters on which we are required to report by exception

We also have responsibilities

- under the Companies Act, Cap 386 to report to you if, in our opinion:
  - adequate accounting records have not been kept, or that returns adequate for our audit have not been received from brancl
  - the financial statements are not in agreement with the accounting records and returns
  - we have not received all the information and explanations we require for our audit
  - certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required

- in terms of Capital Market Rules to review the statement made by the Directors that the business is a going concern togethe necessary.

We have nothing to report to you in respect of these responsibilities.

Auditor tenure

We were first appointed as auditors of the Company and the Group on 9 October 2018. Our appointment has been renewed annually period of uninterrupted engagement appointment of four years.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

GRANT THORNTON
Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

Mark Bugeja
Partner

27 April 2022