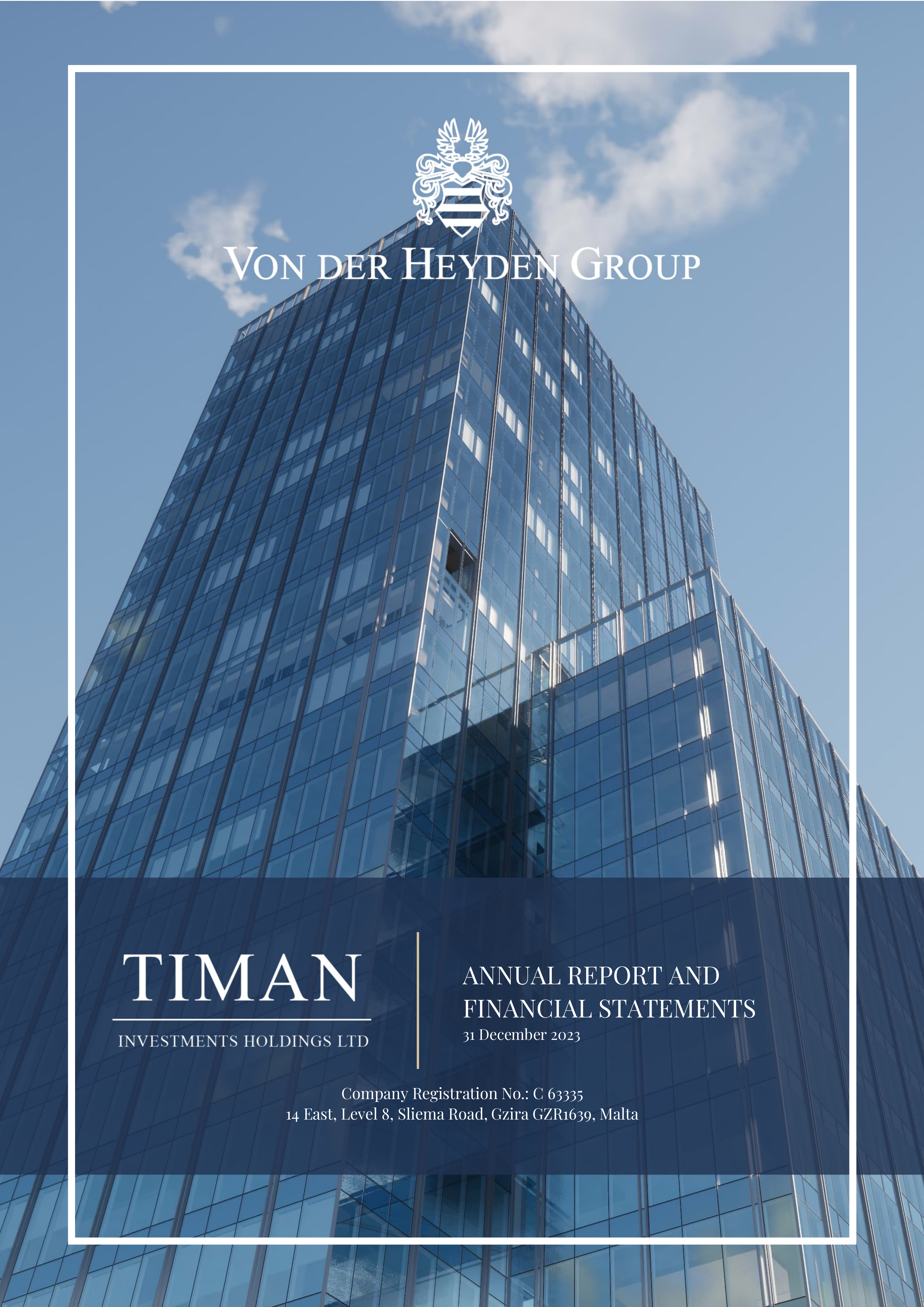

VON DER HEYDEN GROUP

TIMAN

INVESTMENTS HOLDINGS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2023

Company Registration No.: C 63335
14 East, Level 8, Sliema Road, Gzira GZR1639, Malta

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Directors, officers and other information

Registration	TIMAN Investments Holdings Limited is currently registered as a limited liability company in Malta under the Companies Act (Cap. 386, Laws of Malta) with registration number C 63335. Initially incorporated under the laws of the Netherlands on 10 June 1999 as TIMAN Investments Holdings B.V. with registration number 34117520 until it was redomiciled and registered in Malta on 31 December 2013.
Directors	Mr Sven von der Heyden Mr Javier Errejon Sainz de la Maza Mr Antonio Fenech
Company secretary	Dr Nicholas Formosa
Registered office	14 East, Level 8 Sliema Road Gzira GZR1639 Malta
Auditors	Ernst & Young Malta Limited Regional Business Centre Achille Ferris Street Msida MSD1751 Malta

Chairman's Statement

In a constantly changing world and still challenging economic climate, 2023 has once again demonstrated the importance of diversifying markets and investments.

Although real estate development and investment continues to be the Group's core focus, we have been working hard to diversify this segment in terms of both asset classes and locations. With a pan-European emphasis, we continue to believe that excellence in whatever we do strengthens and positions the Group's investment strategy to provide more stable long-term returns and not only short-term gains.

Despite energy prices having stabilised towards the end of 2023, certain issues prevail, such as the pressures on inflation in Europe brought about mostly by Russia's invasion of Ukraine in 2022, the Middle East crises and the effects that these geopolitical conflicts have on supply chains, cost inflation and market uncertainties.

With growth, diversification, and quality being at the heart of our activity, the construction of the Group's flagship real estate project, the 40,000 sqm, 26-story A-Class office tower, rebranded AND^2 (formerly Andersia Silver), in Poznań, Poland, is progressing at a steady pace and is expected to welcome our tenants in Q3 2025. With the façade practically completed, AND^2 is now the highest building in the city. On the completion of this €112 million investment project, developed with rigorous and sustainable solutions, our 27-year successful public-private partnership with the City of Poznań will come to a close. Of note, the interest of prospective tenants in taking up office space in the building has been rapidly increasing as the project construction has progressed over the last few months, a testament to our proposition to the market in terms of facilities, location, quality, and time to market.

The Group continues to foster an intriguing pipeline of real estate-related projects, actively searching for and carefully selecting the best investments that complement our approach and present distinctive opportunities either as stand-alone projects or as a part of our hotel proposition. We continue to see potential in Italy, Spain, and Malta, as well as Costa Rica and the Southern Caribbean to expand the Group's hospitality offerings. Our positioning in various markets has allowed the Group to refocus our attention on new ventures that align with our vision. At the same time, we have successfully exited from the 3-star hotel segment that no longer reflects our desire to deliver a special experience to our guests.

With eight hotels in Germany, Poland, and Malta, IBB Hotel Collection continues to restructure its operations to better meet our high-set standards for quality. The Cugó Gran Collection brand, which includes our flagship hotel Cugó Gran Macina — a reimagining of 16th-century Senglea fortress that opened its doors in 2018 — is leading this drive towards higher quality hospitality offerings.

In our effort to position our hospitality services increasingly in the luxury segment, we have handed back the operations of our 3-star leased hotel in Berlin. Whilst the property and city has given us a lot in the past, the property and its micro location no longer align with our strategy. We are also proud to have opened a new boutique hotel at the heart of the Three Cities in Malta, the IBB Hotel Palazzo Bettina, featuring 13 exquisitely finished rooms and a private rooftop terrace with a pool. We also look forward to adding another unique property on the Birgu waterfront that will push our Cugó Gran offering to a different level.

To complement a storied and landmark hotel portfolio, we have identified certain properties in Tuscany, Italy, among which the luxurious Villa Diodati from the beginning of the 16th-century, set on the hills of Lucca, whose ongoing refurbishment and eventual sale should lead to a healthy capital gain for the Group; with the construction of said Villa Diodati reaching its final phases, it is another testament to our unwavering commitment to construction quality and detail. We are planning to put the property on the market for sale mid-2024. In that context, we are hopeful to close another acquisition of a hotel in Tuscany which we have been monitoring for more than two years, completing only recently a challenging technical due diligence of the property. The sale of Cugó Gran Menorca (Spain) in 2020, as well as the successful operation of the Cugó Gran Macina (Malta), and the increase in the carrying value of our IBB Hotel Gdańsk in Poland, demonstrate the added value and solid return on investment when it comes to restoring historical buildings. Furthermore, we aim to broaden the reach of the Cugó Gran brand beyond Europe, to locations that are not only well-known for their luxury tourism offerings but also have a strong demand for higher-end hotel accommodation and benefit from lower operational and salary costs, which in turn supports a prosperous business model.

Hammett's Collection, our joint venture catering business based in Malta, also continued to grow into new markets, with its first restaurant opening outside of Malta in 2023, the Hammett's Mestizo Menorca, where the Hammett's brand expanded to under a franchise concept.

Our associate, Urbelia Business S.L., now successfully operates four petrol stations in Spain, and are all equipped with electric fast-charging stations supplied by the greenest energy producer of the country. Given the positive results, we intend to grow the portfolio to 10 stations in the coming three years.

Our growing portfolio is rewarding all our stakeholders with business lines that show robust synergies in the leisure sector. Throughout 2023, Von der Heyden Yachting strengthened its operations in yacht charter and destination management, aligning closely with our goals of centralising the Group's diversified luxury portfolio. We will also be launching a new service targeted to welcome new high-net-worth individuals as clients. This will be supported by the development of a state-of-the-art concierge Customer Relationship Management (CRM) and Artificial Intelligence (AI) software application. This development continued to make steady progress throughout 2023 and should be ready by the summer of 2024.

Chairman's Statement – *continued*

As already established last year, for the Von der Heyden Group, Environment, Social, and Governance (ESG) is a narrative we wish to embrace and be at the forefront of, not one that is dictated by regulations. With quality and sustainability being part of the core ingredients for identifying growth opportunities, the Group's ESG strategy aligns closely with our investment strategy for the future. Apart from AND² being on track to be certified with the Gold Level LEED Certification, we have successfully collected relevant ESG data through an ESG data collection and analytics software as well as through implementing internal reporting requirements, that will help us pave the way to reduce our environmental and social footprint. I'm also pleased to announce that we will be publishing our second sustainability report (TIH 2023 Annual ESG Report) on our website, that will once again let stakeholders evaluate the actions, we are undertaking to reduce any negative impact we have on the environment and thus continuing to create a positive impact on society.

The restructuring of certain business lines, the employment of talent in the hospitality sector to align with our growth plans, as well as the control of costs will be our continued focus in 2024. The ongoing acquisition of the minority shareholding in our holding company is however the strongest testament to believe in a bright future for the Von der Heyden Group. Despite an ever more difficult environment, with a diversified but well managed portfolio of activities, we expect the hotel operations to deliver positive results following the exit of two 3-star properties in Germany that did not deliver the desired operational profits. Our intention going forward is to take on new establishments which are either owned or co-owned by us, or under rental agreements that reflect a fair balance between risk and reward. Our determined focus on higher room rates combined with healthy occupancy levels and owning properties rather than renting them, should lead us to a positive contribution by the hospitality segment to the Group's overall results over the next years.

I would like to express my gratitude to the investing public for their confidence in the Von der Heyden Group, especially to current and past bondholders as well as licenced financial intermediaries. The Board of Directors, who provided direction and support for all our actions, and our management, who put in a great deal of effort during another trying year. I also want to express my gratitude to each one of our employees for their steadfast commitment and loyalty.

Sven von der Heyden
Founder and Chairman
Von der Heyden Group

30 April 2024

Directors' Report

The directors submit their annual report and the financial statements for the year ended 31 December 2023.

Principal activity

TIMAN Investments Holdings Limited and its subsidiaries (collectively the "Group") are involved in real estate development and investments, hospitality and catering and other investments across Europe including Germany, Italy, Malta, Poland, Portugal, and Spain.

TIMAN Investments Holdings Limited (the "Company") is the parent company of the Group, and its principal activity is the holding of interests in other companies, subsidiaries, and associates as well as investing in various investment products for capital growth and income generation. The Company also provides financing to group and associate companies as well as to related companies.

Results and dividends

The statements of comprehensive income of the Group and of the Company are set out on pages 19 - 20. During the years ended 31 December 2023 and 2022, the Company or any of the Group's subsidiaries did not declare a dividend.

Review of the business

The Group results for 2023 exhibited stability as reflected in the EBITDA[1] for the year closing at €4.6 million, just a slight decrease from the previous year (2022: €4.7 million) despite the challenging economic situation during the year. The Group's positive EBITDA is spurred by the increase in turnover in the hospitality segment and the net increase in investment and fair value gains brought about by the continued investment within the real estate development segment, particularly the AND² Tower (formerly 'Andersia Silver') in the city of Poznań, Poland and the restoration and renovation project of a 16th-century Villa Diodati in Lucca, Italy. Also, the successful sale of the Reževići development project in Montenegro contributed to the improved results and liquidity needs of the Group.

[1] EBITDA: Earnings before interest, taxes, depreciation, and amortisation

Review of the business - *continued*

Despite the improved results, the loss for the year before tax increased by €1.4 million to €2.1 million (2022: €0.6 million) primarily on account of the increase in interest and other related expenses by €1.5 million to €4.3 million (2022: €2.8 million). The increase in interest and other related expenses was because of the successful raising of the €35 million 5% 10-year Unsecured Bond (the "second bond") to refinance the previous €25 million 4.4% Unsecured Bond (the "first bond") that had a 2024 maturity date to provide further funding for the AND² project and corporate funding for other Group projects.

Turnover for the year from continued operations increased by 28%, i.e. €3.7 million to €16.7 million (2022: €13.0 million). The main driver for the increase in turnover is the accommodation and catering segments. During the year, the Group, however, did not have any revenue from development activities since the two main developments are still under construction, while in 2022, the Hotel Group handed IBB Andersia Hotel to the new operator following the expiry of the lease in 2021 resulting in an overall increase in turnover of 9.9%, i.e. €1.5 million.

	2023	2022
	€	€
Accommodation	**11,650,560**	9,732,024
Catering	**2,939,192**	2,115,704
Leasing	**823,718**	670,442
Administration and consulting	**119,097**	44,852
Other	**1,170,175**	481,033
	16,702,741	13,044,055
Development	**-**	1,138,256
Terminated hotel lease	**-**	1,052,121
	16,702,741	15,234,432

Despite the increase in turnover and EBITDA, the Group reported an operating loss for the year of €1.4 million, compared to last year's operating profit of €2.0 million. A significant contributor was the reduction of other operating income of €2.4 million due to the expiry of government grants to mitigate the impact of the COVID pandemic which in 2022 amounted to €2.1 million.

On the operational front, while direct operating costs remained tightly under control, with cost of sales and staff costs for 2023 being 57% of turnover compared to 60% in 2022, other operating costs still increased by €2.5 million to €18.4 million (2022: €15.9 million). This increase was mainly due to the increased in activities in the accommodation and catering segments, higher energy and utilities costs, labour, and outsourcing costs. Also, during the year, a total of €0.4m in hotel and restaurant refurbishment costs was incurred to improve customer experience in our properties, which costs were however not capitalised.

Despite the higher operating losses, the Group managed to have a positive EBITDA for the year of €4.6 million, albeit a slight decrease of €0.1 million from the previous year (2022: €4.7 million). This positive EBITDA was on the strength of the other gains made during the year which saw a significant increase of € 3.3 million to €6.0 million in 2023 (2022: €2.7 million). The increase in other gains was brought about by the disposal of the 10,187 sqm plot of land in Reževići, Blizikuce, in the Budva Municipality, Montenegro, for a profit of €0.5 million. The Group had successfully obtained a building permit to develop a gross building area (GBA) of 8,800 sqm that includes a 5-star boutique hotel catering for 18 serviced apartments as well as 56 additional residential apartments. Following a review of the market conditions and the geopolitical uncertainties in the region arising from the conflict in Ukraine, the Group decided to sell the project and capitalise on the value created by the Group having acquired the land, planned, designed, and secured the necessary permits.

Also, in the real estate development segment, 2023 continued to be a year of investments contributing to €3.1 million (2022: €2.9 million) in fair value gains.

Review of the business – *continued*

The Group's flagship project, the rebranded A-Class office tower AND² Tower (formerly Andersia Silver), with a total investment cost of €112 million in the heart of the financial centre of Poznan, Poland office tower has successfully reached the 26th-floor. With now the shell and core construction works completed, and the façade in its final stages of completion, AND² will mark the city of Poznan's skyline with timeless architecture becoming a major landmark for the city. In the FAS for 2023, the directors forecasted €12.0m fair value gains based on the income approach and progress of works that the Group anticipated on the AND² Tower with an estimated investment value of over €140 million. Despite the progress achieved so far, and the works being on schedule, the independent valuer adopted more conservative assumptions reflecting current market uncertainties in the residual valuation method, consistent with market practice for projects under construction. The directors expect a significant upside in 2024 as tenants are secured. While the project remained very much close to budget the total estimated cost of completion is expected to be €4 million higher than originally estimate of €108 million.

Another ongoing major development project of the Group is the restoration and renovation of a 16th-century villa in Lucca, Italy. In 2022-2023, the project encountered some delays due to the unplanned need to strengthen the foundations of the building and substantive works on the restoration and replacement of the roof together with other delays caused by the contractor. These additional works required further deployment from the cash resources of the Group increasing the expected total investment outlay of €8 million by around €1 million. On the other hand, the investments made in the property and the progress achieved in 2023 contributed to fair value gains of €4.9 million in the Group's financial results for the year.

In other gains, the Group also made a gain of €2.1 million (2022: loss of €0.3 million) substantially due to the strengthening of the Polish zloty against the Euro during the year. The gain results from the translation from the consolidation of the Polish foreign operations.

The share in other comprehensive income of associates increased to €0.22m (2022: €0.08m) and relates to the Group's investment in the petrol operations business in Spain. The improved results and expected cash flows increased the value of the business to €0.44m of which the Group holds 50% shareholding.

Depreciation and amortisation in 2023 decreased to €2.76 million (2022: €2.9 million) mainly due to modifications in lease agreements resulting the reduction of right-of-use of assets and consequently the related depreciation charges.

Interest and other related expenses in 2023 saw a significant increase to €4.32m (2022: €2.85m), due to the increased borrowings, including the €35 million 5% unsecured 10-year bond (the "second bond") to refinance the previous €25 million 4.4% unsecured bond (the "first bond"), bank borrowings to finance Villa Diodati and the issue of private notes.

On 22 September 2023, the Group, through its listed subsidiary Von der Heyden Group Finance PLC, issued "Private Notes" with an aggregate principal amount of €5.0 million. The Private Notes bear annual interest of 7.4% with a redemption date of 22 September 2026. Of the proceeds from the Private Notes issue, €3.5 million were used to partly re-finance the ongoing restoration of Villa Diodati and the remaining amount was allocated for general corporate purposes.

Taxation for the year mainly relates to deferred tax charges, as is the case in 2022. Due to the significant increase in revaluation gains recorded in 2023, the resulting deferred tax also increased.

Directors' Report – *continued*

Review of the business - *continued*

On a stand-alone basis, the Company, TIMAN Investments Holdings Limited made a profit for the year of € 2.75 million (2022: 0.36 million). The Company's income is dividends and fair value gains from investments. While operating costs for the year were reduced by €0.30 million to €0.96 million (2022: €1.27 million), the Company made other gains of €4.46 million (2022 €0.72 million) mainly driven by the fair value gains made on the investment in subsidiaries related to the restoration and renovation of a 16th-century villa in Lucca, Italy.

As of 31 December 2023, the Group's total assets grew by €13.94m to €155.92m (2022: €141.98m) due to the increased investment in AND² Tower and Villa Diodati, and partially offset by the decrease in 'right-of-use assets' due to the lease termination of IBB Hotel Berlin and the decrease in cash and cash equivalents deployed in support of the Group's investment program.

The main movements in total assets are:

Property, plant, and equipment increased by €3.2 million to €31.53 million (2022: €28.36 million). In Spain, the Group owns a commercial mixed-use property in Mahon, Menorca which as of 31 December 2023 is valued at €2.90m (2022: €2.47m) with the increase mainly on account of fair value revaluation. In 2023, this property has been reclassified to 'property, plant and equipment' from 'investment property' to reflect current use of the property as a Hammett's restaurant operation.

Right-of-use assets reflects the value of the Group's right to occupy and operate the leased properties throughout the lease term as if the Group had acquired the property through financing from the lessor. As of 31 December 2023, the right-of-use assets is decreased to €18.97 million (2022: €29.71 million). Apart from the depreciation charges for the year amounting to €1.75m, and modifications in some lease arrangements, the main reduction of €10.75m was due to the termination in December 2023 of the lease agreement for the 3-star property in Berlin. This reduction is partially offset by the recognition of right-of-use of €1.50m in relation to the new lease of new 4-star hotel property in Malta operated under the IBB brand, IBB Hotel Palazzo Bettina.

Investment Properties increased by €28.54 million to €73.51 million (2022: €44.97 million). The increase is primarily attributable to the growth in the value of the Group's properties portfolio, particularly the investment in AND² Tower of €24.42 million and Villa Diodati that had a total increase of €7.0 million, including €3.10m fair value gains.

The AND² Tower is the flagship project of the Group. The 26-story A-Class office tower with 40,000 sqm GLA, is at the heart of the city of Poznan, Poland. Shell and core have been complete, including the façade. The project on 31 December 2023 was valued at €61.03m (2022: €35.82m). The independent valuer adopted more conservative assumptions reflecting current market uncertainties in the residual valuation method, consistent with market practice for projects under construction. The Group anticipates an estimated investment value of over €140 million upon completion and leasing. The directors expect a significant upside in 2024 as more tenants are secured and progress is made on the fit-out of the building.

In Italy, the Group is currently restoring a 16th-century villa in Lucca, Italy to a luxurious finish which is included in the Group's portfolio of investment properties. The restoration works on the property has progressed considerably during the year and ended the year with a valuation of €10.85m. In 2022, the villa was valued at €3.85m, with the increase during the year primarily being due to the works carried out costing €2.14m and fair value gain for the year amounting to €4.86m. Also in Italy, the Group owns a building property in the city centre of Olbia, Sardinia valued at €0.79m as of 31 December 2023, revalued from last year's valuation of €0.66m.

Review of the business - *continued*

In Montenegro, the Group had a plot of land valued in 2022 at €1.46m reflected within 'investment properties.' This property was sold in 2023 at a gain of €0.49m. The Group had successfully obtained a building permit to develop a gross building area (GBA) of 8,800 sqm that includes a 5-star boutique hotel catering for 18 serviced apartments as well as 56 additional residential apartments. Following a review of the market conditions and the geopolitical uncertainties in the region arising from the conflict in Ukraine, the Group decided to sell the project and capitalise on the value created by the Group having acquired the land, planned, designed, and secured the necessary permits.

Also in Poland, the Group owns two other investment properties with a total value of €0.66m as of 31 December 2023 (2022: 0.55m) and two hotel properties within the 'property, plant and equipment' with a combined value of €26.06m (2022: 25.99m).

The Group's investment in associates grew to €1.17m as on 31 December 2023 from last year's €0.90m. The increase is mainly on account of the share in profits and other comprehensive income from associates totalling €0.27m in the year.

Loans and other receivables as of 31 December 2023 amounted to €15.78 million (2022: €14.69 million). The increase is mainly due to the loans given to the ultimate parent company of €0.60m for operational purposes and the loan origination fees which the Group paid in relation to the bank loan to part-finance the ongoing construction of the Group's AND^2 Tower. This loan origination fees will be netted-off against the proceeds from the loan facility and will be amortised using the effective interest method over the term of the facility. But as of 31 December 2023, the Group has not yet drawn amounts from the facility and thus the fees as reported as prepayments.

Other financial assets as 31 of December 2023 amounted to €1.16 million (2022 €2.51 million). These relate to the Group's investments in listed equity and debt instruments and investment funds for capital growth and appreciation. During the year, the Group disposed of some equity and debt instruments to support the liquidity requirements of the Group.

Cash and cash equivalents as of 31 December 2023 decreased to €6.54 million (2022: €12.65 million). The reduction in the balance is mainly on account of the amounts used for the construction of the AND^2 project, the restoration of the villa, net operational outflows, and the initial payment for the repurchase of the Company's 14.58% Ordinary 'B' shares as discussed below.

The total Shareholders' Equity as of 31 December 2023 amounted to €32.69 million (2022: €34.90 million). As announced by the Group in 2023, by virtue of an agreement entered on 16 October 2023 between, the Group and Trusthigh Holdings Limited, it was agreed that Timan Investments Holdings Limited would acquire its own shares, the 554,717 Ordinary B shares that representing 14.58% of the shareholding of the Company in three tranches. The Group acquired the first tranche, 174,253 Ordinary 'B' shares for €2 million in Q4 2023. This amount is reflected as a contra-equity and accounted for as Treasury shares, i.e. own shares held by the Company. The other movements in the Shareholders' Equity include the profit for the year and other comprehensive income.

In the current set of accounts, the comparative period presented has been restated to reflect the accounting of the Ordinary 'B' shares as a financial liability. A more detailed discussion about this and the reconciliation of the previously presented amounts in the 2022 Audited Financial Statements to the currently presented comparative amounts in these 2023 Audited Financial Statements are outlined in Note 33 of the Financial Statements.

Review of the business - *continued*

Total 'Borrowings' as of 31 December 2023 amounted to €51.34 million (2022: €31.35 million), reflecting an increase in borrowings of €19.99 million. €19.1 million of the increase in borrowings was due to the loans made towards the AND² development project by the investing partners of the Group and by the Contractor through contractor financing during the year. During the year, the Group also acquired financing amounting to €2.30m from a bank in Italy to part finance the restoration of the Villa in Italy. Other movements in the Group's borrowings during the year include the conversion to loan the amounts due to a related company of €1.07m, loans given by other investing partners to support the refurbishment of the Group's hotel, and partly offset by the extinguishment of the portion of the financial liability related to the Ordinary 'B' shares acquired by the Company amounting to €1.95m and foreign currency translation differences.

Debt securities in issue as of 31 December 2023 stood at €39.23 million (2022: €33.28 million). The increase in the Group's debt securities in issue is mainly related to the net proceeds from the €5 million issue of Private Notes. In addition, €1.21 million of the €1.3 million listed bonds held in treasury by the Company were sold to third parties during the year.

Lease liabilities during the year decreased to €21.22m from last year's €31.91m. As discussed in the right-of-use section, there were lease termination, and modifications of lease agreements during the year and these resulted to reduction in lease liabilities of €10.85m in addition to the lease payments made in the year totalling €2.43m. These reduction in lease liabilities were partially offset by the accretion of interest over the lease liabilities and the additional lease liability recognised for the new hotel property in Malta leased by the Group amounting to €1.50m.

The Group's net working capital as of 31 December 2023 amounted to €1.64 million (2022: €2.46million). The net working capital is calculated by subtracting the operating current liabilities from the operating current assets. The operating current assets excludes cash and cash equivalents, and current loans receivable while operating current liabilities excludes current borrowings, debt securities in issue and lease liabilities. The positive net working capital position indicates the Group's favourable financial liquidity state in terms of operations. However, the decrease in net working capital position from the previous year represents lesser free cash flow generated during the year.

Due to the need to deploy more own resources for the funding of AND² and Villa Diodati and the agreement to repurchase the remaining Ordinary B shares held by the minority shareholder, the Group's total current liabilities exceeded its total current assets as of 31 December 2023 by €19 million. As discussed in Note 2.2 in the financial statements, the Board of Directors is closing on several measures including the sale of a block of receivables acquired in Italy for €7.5 million and entering of an investment loan of €4 million for a period that exceeds 3 years. The Group is also taking on other measures to ensure that the Group has sufficient liquidity to meet its operational and investment requirements.

On a stand-alone basis the Company, TIMAN Investments Holdings Limited's total assets increased by €12.35 million to €79.42 million (2022: €67.07 million), driven by the investment in AND² tower in Poznań, Poland and Villa Diodati, in Lucca, Italy.

The Company's total current assets exceeded its total current liabilities as of 31 December 2023 by €4.88 million, reflecting the Company's ability to meet its ongoing obligations.

Despite the acquisition of the minority shareholder's shares in the Company, the equity position of the Company increased to €36.10 million (2022: €33.35 million).The gearing position on a stand-alone basis of TIMAN Investments Holdings Limited, as the Guarantor of the Listed Bonds and Private Notes issued by Von der Heyden Group Finance plc, is 48.89% (2021: 41.40%), which underlines the company's level of stability. It is the policy of the Group not to cross collateralise debt within the Group or provide for material corporate guarantees by the holding company to secure any debt for any subsidiary or associate undertaking except for the bond issued by Von der Heyden Group Finance plc. Also, the holding company has no direct debt financing facilities and all financing arrangement at subsidiary levels are ring-fenced at the borrowing company level.

Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. Refer to Note 29 in these financial statements.

Future developments

The geopolitical instabilities brought about by the continuing war in Ukraine and the Middle East increase risk of a wider regional conflict thus create financial markets instability, the risk of disruption to shipping lines and oil supplies, creating inflationary pressures, increased operational costs, investment uncertainties and higher cost of capital. The directors continue to monitor macro-economic developments to take mitigating measure to minimise the negative impacts of these to the Group's operating activities.

Real estate developments and investments

The AND² Tower now stands fully erect to the 26-floor with the shell and core construction and façade works in their final completion stages marking Poznan's skyline and becoming a major landmark for the city. The 40,000 sqm A-Class Office tower is projected to have an investment value of over €140 million upon completion and there has been considerable interest in the office tower resulting to substantial development in pre-leasing activities of the available space during the year. Within the next year, the Group continues to carry-out mechanical and engineering and fit-out works, expecting to welcome its tenants mid-2025.

The Villa Diodati project made substantial progress on the restoration and renovation of this unique 16th-century villa in Lucca, Italy. The villa, consisting of a 1,100 sqm main villa and six apartments of approximately 400 sqm each, has indoor swimming pool, spa, and other amenities. The property also includes a spacious garden over a plot of land measuring 20,000 sqm. Due to the delays in works caused by the unplanned interventions required to the foundations of the building and delays caused by the contractor completion is now expected Q3 2024. The original intention of the Group was to operate the villa and the apartments in the luxury rental accommodation segment through the Cugó Gran brand. However, considering market conditions and the demand for such properties in Tuscany, the Group decided to capitalize on the investment earlier and place it for sale on the market in mid-2024. The investment value of the asset upon completion is expected to be around €15 million, with the potential realisation of gains on selling the property being more attractive than the gains from operating it.

The Atrium Liberdade Residences project in Algarve, Portugal is also now well underway. The project consists of the construction of the 33 apartments with full completion expected around the end of 2024 or the beginning of 2025. So far, 22 apartment sales have already been secured and market conditions remain very positive. The construction costs of the apartments are estimated at €5.5 million, and total sales proceeds is expected around €6.6 million. The Group holds 25% interest in this 5,000sqm residential development project.

The Group in 2022 acquired two properties one in the harbour of Mahon in Menorca and another in the main pedestrian street of the city of Olbia in Sardinia, Italy for a total investment of around €3.2 million. Hammett's Mestizo Menorca in Mahon started to operate under a franchise agreement by a group company being the first Hammett's restaurant outside of Malta. The property in Olbia holds a restaurant licence for the first floor that and office space on the second floor, this was an opportunistic acquisition from a liquidation procedure. Both investment properties are on the market and targeted be sold in 2024/2025.

Future developments – *continued*

Real estate developments and investments - continued

In 2021, the Group had acquired a block of receivables that carry a first ranking privileged and hypothec on a hotel property in Tuscany owned by a company in default. The strategy of the Group was to hold the receivables to secure the property through a judicial auction procedure underway. Over the past months the Group received a formal offer of € 7.5 million from an Italian bank seeking to acquire the block of receivables and enter our shoes in the repossession procedure. The Group has accepted the offer. The block of receivables has been acquired at a discounted price of €6 million with a recognised fair value of €7.1 million, equal to the contractual inflows of the instrument, in view of its collateral. The Group will have made a profit of €0.5 million with the transaction expected to be completed by end of May 2024.

Accommodation and catering

The Hotel Group continues with its transformation strategy in 2024. Having opened the four-plus star IBB Palazzo Bettina Hotel, the Group looks forward to opening an 18-room top luxury hotel property on the Birgu waterfront in Malta that will elevate the Cugó Gran offering, while benefitting from the operational synergies that these two properties together with the Cugó Gran Macina Grand Harbour operate in close proximity. The Group, through its related company Von der Heyden Malta Properties Limited, is in a promise of sale agreement for the acquisition of the remaining 80-year emphyteutical lease of the Cugó Gran Macina property.

The Group continues in its strategy to expand the Cugó Gran Collection offering, through the acquisition of properties particularly in Italy and Spain either through acquisitions or long-term management agreements.

In the meantime, the Group continues in its strategy to exit from the 3-star hotel segment following the negotiated early-termination of the lease of the hotel property in Berlin, Germany in 2023 and the non-extension of the lease of another 3-star hotel property in Passau, Germany once it expires in Q4-2024. In addition, the Group remains on the lookout for other potential early-termination of hotel leases with a view of closing off the 3-star hotel chapter of the Group and allowing the Hotel management team to focus completely on our new strategy.

On the operational front the first quarter of 2024 exceeds budget with improved occupancy and rooms rates and better than budgeted operational results.

In the catering segment, following the opening of the Hammet's Mestizo Menorca, the Group through its 50% investment in IBB Hammett's Operations Limited looks to further expand the brand outside of Malta, while focusing on improving the results within this segment that in 2023 saw a challenging year.

Private equity, venture capital and other investments

Von der Heyden Yachting: For a first two years of operation the chartering activities focused on the company-owned Riva 63 Virtus which generated reasonable turnover. However, the operational costs of maintaining a luxury yacht for short charters makes the generation of a satisfactory rate of return challenging. The Group therefore decided to put on the market for sale the Riva 63 Virtus and focus on third party luxury yacht chartering.

Urbelia Business S.L. runs low-cost petrol stations with washing centres in Spain. Trading under the Urban Oil brand, Urbelia opened its fourth petrol station in 2023. The Group's strategy is to scale up its portfolio to around 10 stations in the coming three years. The strategy of the Group also includes electric charging points in readiness for the green transport evolution underway.

The Group is continuously evaluating several potential investments that will diversify the investment portfolio of the Group and create more recurrent cash flows, thus reducing dependency on and the challenges of the cyclical nature of the cash flows of the real estate development segment.

Going Concern

In the year ended 31 December 2023, the Group recorded a €3 million loss, an increase of €1.8 million from the previous year. Whilst, operations in the Accommodation and Catering sector in Germany, Poland and Malta strove to return to normal trading conditions post the upheaval during the Covid-19 period, recording a substantial increase in revenue on continued operations, the operating result fell below expectations on account of the rampant inflationary increase in operating costs across the sector, including in the cost of human resources, energy and most of the bought-in supplies and services. In line with the Group's strategy to move away from 3-star properties, in 2024, the Group will exit the lease of another 3-star property in Germany while introducing a new leased hotel in IBB Palazzo Bettina at Cospicua in September 2023, which is expected to lead to a cash breakeven situation for the Group's Hotel operations.

The real estate development segment delivered a significant contribution to Group results in 2023 on a net fair value gain of €3.1 million (after provision of deferred tax) on the Villa Diodati project in Tuscany, Italy that has continued to advance towards targeted completion when the Group will be seeking to dispose of the property. Also, of note, the results for the year do not reflect any contribution from the AND² project in Poznan, Poland despite the significant progress achieved during the year on the substantial completion of the shell and core of the 26-story building. In this regard, given the challenging office real estate market conditions the expert valuer appointed by the Group established a valuation of the property of €61 million that principally reflects the asset's carrying value to date. This includes the €24.4 million construction spend in 2023.

During the year, the Group continued to deploy its resources principally in the development of its core investment property portfolio and its property, plant, and equipment that in the aggregate, account for 67% (2022: 52%) of the Group's total assets.

As of 31 December 2023, the Group's total assets have increased considerably to €156 million (2022: €142.0 million), including a cash balance of €6.5 million (2022: €12.7 million). The total shareholders' equity position stood at €32.7 million (2022: €34.9 million).

Liquidity

As of year-end the current liabilities of the group exceed its current assets by €19 million which include AND² contractor financing amounting to €23.4 million (note 24) and a bank loan relating to Lubin Hotel of €3.9 million which is up for renewal in June 2024 (note 24).

Whilst in 2023 a facility was finalised with a bank in Italy to finance the completion of Villa Diodati in Tuscany, the end-project financing for the AND² is currently at its conclusion stage.

After having already secured a senior lending facility for €55 million, due to subsequent securing of a mezzanine facility of €16 million and changes in the senior lending facilities consortium, multi-party re-negotiations recommenced, also addressing the settlement of the project finance provided by the turnkey contractor to date amounting to €24.9 million along with that arising up to the end of Phase 2 of the works in November 2024. The AND² tower on 31 December 2023 was valued at €61m (2022: €35.82m).

With the negotiations concluded and a term sheet issued by the senior lending consortium of banks, formal approval is expected in the coming months, leading to the fulfillment of the conditions precedent to release the €16m mezzanine facility provided by a Polish financial institution, as well as the execution of the conditions leading to the release of the €55 million senior lenders' facility to be provided by the project's bankers. The mezzanine financing agreement has been signed.

The mezzanine facility and the senior bankers' facility will be principally deployed to settle the amounts due to the contractor up to the end of Phase 2 and to finance the subsequent mechanical and engineering works in the final Phase 3 expected to be completed in September 2025.

The senior lenders' facility is subject to a number of conditions preceding drawdown, including that of the attainment of the predetermined level of pre-leases of the gross lettable area, that are market standard for a commercial real estate development project of this scale.

The above liquidity factor constitutes a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding, the directors confirm that based on the advanced discussions with the parties involved in the AND[2] project, including the issue of the terms sheet by the four banks in the senior lending consortium and the imminent approval of the credit committees of the bank that will release the agreed 16 million mezzanine funding and securing of a €55 million senior lenders loan facility commitment, the directors conclude that it is reasonable to expect that the Group will meet its ongoing obligations and can secure this additional financing imminently.

The group is also progressing well with extensive discussions with several prospective tenants which portends positively in meeting the pre-lease conditions for the first drawdown at the end of phase 2 of the AND[2] project around November 24.

Concurrently the group is finalising the disposal of receivables for €7.5 million, which carries a first-ranking privilege and hypothec on a hotel property in Tuscany, Italy and the in the process of extending the Lublin Hotel banking facility of €3.9 million, which is up for renewal in June 2024, for an expected further 3 years.

Moreover, the Group anticipates the realisation of certain peripheral assets to the Group's operations, including the properties in Mahon and Olbia and the commercial yacht utilised in the charter business.

Conclusion

Accordingly, after due consideration and extensive review of the Group's cashflow projections for the forthcoming twelve months, including the material uncertainties and mitigating factors mentioned above, as of the date of approving these accounts, the Directors consider that the Group will be able to secure adequate resources to continue operating for the foreseeable future and therefore the Group's financial statements have been prepared on a going concern basis.

Events after the end of the reporting period

Except for the event disclosed in note 34 in the financial statements, there are no other events after the reporting period that require mention in this report.

Environment, Social and Governance (ESG)

The Group is issuing its second annual ESG report, after issuing the first one in 2023 in which objectives for the Group's decarbonisation journey were outlined. In addition to reporting on Scope 1 & 2 emissions, this year's report is also disclosing information on Scope 3 emissions, as well as on overall energy and water consumption. The report also contains additional information about the ESG profile of AND[2] (formerly known as Andersia Silver), the Group's flagship project located in the centre of Poznań, Poland.

Due to the introduction of new internal reporting obligations throughout 2023 to gather and assess the company's ESG profile in greater depth, this year has been particularly significant for the collection of ESG data. Beginning in 2023, hotel management was required to submit monthly internal reports on labour practices, waste and food waste management, as well as food safety.

Since the implementation of an ESG data collection and analytics software in 2022, the Group was able to measure its total emissions for the second year now from its hospitality activity and operations in leased office spaces, amounting to a total 1,643 $MTCO_2e$, plus another 12.8 $MTCO_2e$ from its yacht charter activity. Additionally, the Group was able to measure and disclose its Scope 3 emissions separate from its Scope 1 & 2 emissions for the first time, amounting to a total of 1,182 $MTCO_2e$, showing an increase of 18.11% from 2022 (1,001 $MTCO_2e$), according to the ESG data collection and analytics platform *Measurabl*.

Directors' Report – *continued*

Compared to 2022, there is evidence of a 10.14% increase in total carbon emissions (mainly because of a rise in Scope 3 emissions of 18.11%), which is due to the fact that more properties were added to the portfolio and due to an increase in operational activity; the beginning of 2022 still saw pandemic-related restrictions in place meaning that a lot of properties were still closed. On another note, however, there was a 5.28% decrease in total Scope 1 emissions, as well as a 6.44% decrease in total Scope 2 emissions compared to 2022, which could be a result of decarbonisation measures being implemented across the board.

As previously stated, the Group is aiming to reduce its total energy consumption and carbon footprint (Scope 1 & 2 emissions) by 40% by 2030 in line with the European Green Deal.

Apart from numerous eco and social actions that were executed over the year by part of the hospitality operations, the Group continued to show active support towards humans and wildlife in crisis and has donated to charities including Terre des hommes for Red Hand Day, as well as MGRM and ILGA Europe in support of the LGBTQ+ community. In addition, apart from the successful organisation of two local clean-ups by part of hotel staff, as of the end of 2023, IBB & Cugó Gran Hotel Collections are giving guests the chance to support nature by adding a donation to their booking that will be used to plant trees through *Treeapp*.

As stated last year, the Group will continue measuring its environmental and social impact, as well as find ways to mitigate and adapt to climate-related risks.

Directors

During the year ended 31 December 2023, the directors were as listed on page 2. In accordance with the Company's Memorandum and Articles of Association, the present directors remain in office.

Statement of directors' responsibilities

The Companies Act (Cap. 386, Laws of Malta) requires the directors to prepare financial statements in accordance with generally accepted accounting principles as defined in and in accordance with the provisions of same Act for each financial period which give a true and fair view of the financial position of the Group and the Company as at the end of the financial period and of the profit or loss for that period.

In preparing the financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual 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 also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company, and to enable them to ensure that the consolidated and company financial statements comply with the Companies Act (Cap. 386, Laws of Malta) and the International Financial Reporting Standards as adopted by the European Union. This responsibility includes designing, implementing, and maintaining such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst & Young Malta have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Approval

This directors' report was approved by the directors on 30 April 2024 and signed by them:

Mr Antonio Fenech	**Mr Javier Errejon Sainz de la Maza**	**Mr Sven von der Heyden**
Executive Director	Managing Director	Chairman

Financial Statements

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

	Notes	Group 2023 €	Group Restated[1] 2022 €
Revenue	4	**16,702,741**	15,234,432
Other operating income	5	**264,305**	2,648,940
Operating costs	6	**(18,408,587)**	(15,858,443)
Operating (loss) / profit		**(1,441,541)**	2,024,929
Other gains	8	**5,997,875**	2,656,680
Dividend and other investment (loss) / income	9	**(10,150)**	26,529
Share in profit of associates	17	**56,414**	35,916
EBITDA[2]		**4,602,598**	4,744,054
Depreciation and amortisation	13, 14, 27	**(2,756,994)**	(2,907,812)
Impairment of financial assets		**-**	(11,500)
EBIT[3]		**1,845,604**	1,824,742
Interest and other related income	10	**408,300**	390,999
Interest and other related expenses	11	**(4,319,032)**	(2,847,109)
Loss for the year before tax		**(2,065,128)**	(631,368)
Taxation	12	**(945,200)**	(529,169)
Loss for the year		**(3,010,328)**	(1,160,537)
Other comprehensive income or loss			
Items that may be reclassified to profit or loss in subsequent periods (net of tax):			
Translation of foreign operations		**1,085,486**	(240,986)
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Share in other comprehensive income of associate		**221,826**	82,749
Movement in fair value of land and buildings and commercial yacht		**(502,274)**	1,508,966
Other comprehensive income or loss for the year		**805,038**	1,350,729
Total comprehensive income or loss		**(2,205,290)**	190,192
Loss for the year attributable to:			
Owners of the parent company		**(2,073,675)**	(2,317,242)
Non-controlling interests		**(936,653)**	1,156,705
		(3,010,328)	(1,160,537)
Other comprehensive income for the year attributable to:			
Owners of the parent company		**301,310**	882,004
Non-controlling interests		**503,728**	468,725
		805,038	1,350,729
Total comprehensive income (loss) attributable to:			
Owners of the parent company		**(1,772,365)**	(1,435,238)
Non-controlling interests		**(432,925)**	1,625,430
		(2,205,290)	190,192

[1] See Note 33
[2] EBITDA: Earnings before interest, taxes, depreciation, and amortisation
[3] EBIT: Earnings before interest and taxes

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

	Notes	Company 2023 €	Company Restated[1] 2022 €
Operating costs	6	**(958,970)**	(1,265,041)
Operating profit		**(958,970)**	(1,265,041)
Other gains	8	**4,457,954**	718,680
Dividend and other investment income	9	**35,058**	106,928
EBITDA		**3,534,042**	(439,433)
Impairment of financial assets		**(1,733,196)**	-
Depreciation and amortisation	14	**(5,359)**	(13,448)
EBIT		**1,795,487**	(452,881)
Interest and other related income	10	**3,403,196**	1,797,251
Interest and other related expenses	11	**(2,444,730)**	(988,110)
Profit for the year before tax		**2,753,953**	356,260
Taxation	12	**-**	-
Profit for the year		**2,753,953**	356,260
Other comprehensive income		**-**	-
Total comprehensive income		**2,753,953**	356,260

[1] See Note 33

Statements of Financial Position

	Notes	Group 31 December 2023 €	Restated[1] 31 December 2022 €	Restated[1] 1 January 2022 €
ASSETS				
Non-current assets				
Intangible assets	13	**186,541**	38,358	66,194
Property, plant and equipment	14	**31,533,939**	28,359,998	27,309,196
Right of use assets	27	**18,965,940**	29,712,577	31,404,241
Investment properties	15	**73,506,217**	44,967,617	32,600,844
Investment in associates	17	**1,169,331**	896,491	2,980,768
Loans and other receivables	18	**8,722,430**	6,559,401	6,654,844
Other financial assets	19	**1,155,727**	2,511,359	1,923,560
Deferred tax assets	12	**986,111**	1,087,816	1,003,920
Total non-current assets		**136,226,236**	114,133,617	103,943,567
Current assets				
Inventories	20	**119,719**	64,799	90,160
Current tax assets		**-**	201	2,331
Loans and other receivables	18	**7,059,523**	8,131,737	7,059,523
Trade and other receivables	21	**5,977,035**	6,996,116	5,297,747
Cash and cash equivalents	22	**6,542,168**	12,652,411	17,124,904
Total current assets		**19,698,445**	27,845,264	29,574,665
TOTAL ASSETS		**155,924,681**	141,978,881	133,518,232
EQUITY AND LIABILITIES				
EQUITY				
Share capital	23	**3,804,641**	3,804,641	3,804,641
Share premium	23	**4,445,283**	4,445,283	4,445,283
Treasury shares	23	**(2,007,774)**	-	-
Retained earnings	23	**8,442,600**	10,208,594	12,215,628
Other reserves	23	**3,103,301**	1,505,548	788,121
Currency translation reserve	23	**(1,324,949)**	(1,728,599)	(1,615,913)
Equity attributable to owners of the parent		**16,463,102**	18,235,467	19,637,760
Non-controlling interests		**16,222,365**	16,655,290	15,125,459
TOTAL EQUITY		**32,685,467**	34,890,757	34,763,219
LIABILITIES				
Non-current liabilities				
Borrowings	24	**18,578,333**	19,285,631	17,765,944
Debt securities in issue	25	**39,206,149**	33,084,636	24,170,740
Lease liabilities	27	**19,970,891**	30,124,407	30,505,626
Deferred tax liabilities	12	**6,768,344**	5,940,156	5,002,395
Total non-current liabilities		**84,523,717**	88,434,830	77,444,705
Current liabilities				
Borrowings	24	**32,757,606**	12,062,699	12,981,428
Lease liabilities	27	**1,244,143**	1,786,627	895,278
Debt securities in issue	25	**231,958**	197,953	2,771,040
Current tax liabilities		**103,661**	68,318	54,879
Trade and other payables	26	**4,378,129**	4,537,697	4,607,683
Total current liabilities		**38,715,497**	18,653,294	21,310,308
TOTAL LIABILITIES		**123,239,214**	107,088,124	98,755,013
TOTAL EQUITY AND LIABILITIES		**155,924,681**	141,978,881	133,518,232

[1] See Note 33

Statements of Financial Position

	Notes	Company 31 December 2023 €	Restated[1] 31 December 2022 €	Restated[1] 1 January 2022 €
ASSETS				
Non-current assets				
Property, plant, and equipment	14	**6,930**	12,289	16,808
Investment in subsidiaries	16	**18,756,355**	14,312,038	13,734,690
Investment in associates	17	**1,240,250**	694,892	2,754,836
Loans and other receivables	18	**45,255,114**	31,221,492	18,968,923
Other financial assets	19	**1,226,872**	3,563,299	2,573,303
Total non-current assets		**66,485,521**	49,804,010	38,048,560
Current assets				
Loans and other receivables	18	**667,078**	4,736,473	-
Trade and other receivables	21	**8,962,482**	6,847,053	6,175,436
Cash and cash equivalents	22	**3,304,127**	5,684,256	9,520,470
Total current assets		**12,933,687**	17,267,782	15,695,906
TOTAL ASSETS		**79,419,208**	67,071,792	53,744,466
EQUITY AND LIABILITIES				
EQUITY				
Share capital	23	**3,804,641**	3,804,641	3,804,641
Share premium	23	**4,445,283**	4,445,283	4,445,283
Treasury shares	23	**(2,007,774)**	-	-
Other reserves	23	**(2,081,212)**	(4,088,986)	(4,088,986)
Retained earnings	23	**31,941,849**	29,187,896	28,831,636
TOTAL EQUITY		**36,102,787**	33,348,834	32,992,574
LIABILITIES				
Non-current liabilities				
Borrowings	24	**35,261,236**	23,093,750	11,566,382
Total non-current liabilities		**35,261,236**	23,093,750	11,566,382
Current liabilities				
Borrowings	24	**4,447,338**	7,996,871	6,943,682
Trade and other payables	26	**3,607,847**	2,632,337	2,241,828
Total current liabilities		**8,055,185**	10,629,208	9,185,510
TOTAL LIABILITIES		**43,316,421**	33,722,958	20,751,892
TOTAL EQUITY AND LIABILITIES		**79,419,208**	67,071,792	53,744,466

These financial statements on pages 19 to 84 were approved and authorized for issue by the directors on 30 April 2024 and signed by them:

Mr Antonio Fenech
Executive Director

Mr Javier Errejon Sainz de la Maza
Managing Director

Mr Sven von der Heyden
Chairman

[1] See Note 33

Statements of Changes in Equity

GROUP

	Share capital €	Share premium €	Treasury shares €	Currency translation reserve €	Other reserve €	Retained earnings €	Equity attributable to owners of the parent €	Non-Controlling Interests (NCI) €	Total Equity €
For the year ended 31 December 2022									
At 1 January 2022									
As previously reported	3,804,641	4,445,283	-	(1,615,913)	4,877,107	14,272,114	25,783,232	15,125,459	40,908,691
Restatement (see Note 33)	-	-	-	-	(4,088,986)	(2,056,486)	(6,145,472)	-	(6,145,472)
Balance at 1 January 2022, as restated	**3,804,641**	**4,445,283**	**-**	**(1,615,913)**	**788,121**	**12,215,628**	**19,637,760**	**15,125,459**	**34,763,219**
Profit or loss for the year									
As previously reported	-	-	-	-	-	(2,256,434)	(2,256,434)	1,156,705	(1,099,729)
Restatement (see Note 33)	-	-	-	-	-	(60,808)	(60,808)	-	(60,808)
Loss for the year, restated	-	-	-	-	-	(2,317,242)	(2,317,242)	1,156,705	(1,160,537)
Other comprehensive income	-	-	-	(112,686)	994,690	-	882,004	468,725	1,350,729
Total comprehensive income	-	-	-	(112,686)	994,690	(2,317,242)	(1,435,238)	1,625,430	190,192
Depreciation transfer for land and buildings	-	-	-	-	(277,263)	277,263	-	-	-
Return of capital to NCI	-	-	-	-	-	-	-	(95,599)	(95,599)
Other movement	-	-	-	-	-	32,945	32,945	-	32,945
As at 31 December 2022	**3,804,641**	**4,445,283**	**-**	**(1,728,599)**	**1,505,548**	**10,208,594**	**18,235,467**	**16,655,290**	**34,890,757**

Statements of Changes in Equity

GROUP	Share capital €	Share premium €	Treasury shares €	Currency translation reserve €	Other reserves €	Retained earnings €	Equity attributable to owners of the parent €	Non-Controlling Interests (NCI) €	Total Equity €
For the year ended 31 December 2023									
As at 1 January 2023									
As previously reported	3,804,641	4,445,283	-	(1,728,599)	5,594,534	12,325,888	24,441,747	16,655,290	41,097,037
Restatement (see Note 33)	-	-	-	-	(4,088,986)	(2,117,294)	(6,206,280)	-	(6,206,280)
Balance at 1 January 2023, as restated	**3,804,641**	**4,445,283**	**-**	**(1,728,599)**	**1,505,548**	**10,208,594**	**18,235,467**	**16,655,290**	**34,890,757**
Loss for the year	-	-	-	-	-	(2,073,675)	(2,073,675)	(936,653)	(3,010,328)
Other comprehensive income	-	-	-	403,650	(102,340)	-	301,310	503,728	805,038
Total comprehensive income	**-**	**-**	**-**	403,650	(102,340)	(2,073,675)	(1,772,365)	(432,925)	(2,205,290)
Depreciation transfer for land and buildings	-	-	-	-	(307,681)	307,681	-	-	-
Acquisition of own shares	-	-	(2,007,774)		2,007,774	-	-	-	-
As at 31 December 2023	**3,804,641**	**4,445,283**	**(2,007,774)**	**(1,324,949)**	**3,103,301**	**8,442,600**	**16,463,102**	**16,222,365**	**32,685,467**

Statements of Changes in Equity - *continued*

COMPANY	Share capital €	Share premium €	Retained earnings €	Other reserves €	Treasury shares €	Total Equity €
For the year ended 31 December 2022						
As at 1 January 2022						
As previously reported	3,804,641	4,445,283	30,888,122	-	-	39,138,046
Restatement, (see Note 33)	-	-	(2,056,486)	(4,088,986)	-	(6,145,472)
Balance at 1 January 2022, as restated	**3,804,641**	**4,445,283**	**28,831,636**	**(4,088,986)**	**-**	**32,992,574**
Loss for the year						
As previously reported	-	-	417,068	-	-	417,068
Restatement, (see Note 33)	-	-	(60,808)	-	-	(60,808)
Profit for the year, as restated	-	-	356,260	-	-	356,260
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	356,260	-	-	356,260
As at 31 December 2022	**3,804,641**	**4,445,283**	**29,187,896**	**(4,088,986)**	**-**	**33,348,834**
For the year ended 31 December 2023						
As at 1 January 2023						
As previously reported	3,804,641	4,445,283	31,305,190	-	-	39,555,114
Restatement, (see Note 33)	-	-	(2,117,294)	(4,088,986)	-	(6,206,280)
Balance at 1 January 2023, as restated	**3,804,641**	**4,445,283**	**29,187,896**	**(4,088,986)**	**-**	**33,348,834**
Profit for the year	-	-	2,753,953	-	-	2,753,953
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	2,753,953	-	-	2,753,953
Acquisition of own shares (Note 23)	-	-	-	2,007,774	(2,007,774)	-
As at 31 December 2023	**3,804,641**	**4,445,283**	**31,941,849**	**(2,081,212)**	**(2,007,774)**	**36,102,787**

Statements of Cash Flows

For the year ended 31 December

	Group		Company	
		Restated		Restated
	2023	2022	**2023**	2022
	€	€	**€**	€
Cash flows (used in) / from operating activities				
(Loss) / Profit before tax	**(2,065,128)**	(631,368)	**2,753,953**	356,260
Adjustments for:				
- Depreciation and amortization (Notes 13, 14 and 27)	**2,756,994**	2,907,812	**5,359**	13,448
- Impairment of investment in associates and subsidiaries (Note 8)	**13,750**	17,041	**132,482**	-
- Impairment of financial assets	**-**	11,500	**1,733,196**	-
- Gain on termination and remeasurement of leases under IFRS 16 (Note 8)	**(358,181)**	-	**-**	-
- Gain on disposal of investment property (Note 8)	**(487,924)**	-	**-**	-
- Movement in fair values of investment properties (Note 8)	**(3,101,550)**	(2,929,344)	**-**	-
- Movement in fair values of investment in subsidiaries and associates (Note 8)	**-**	-	**(4,669,886)**	(850,033)
- Movement in fair value of FVTPL investments (Note 8)	**98,282**	49,684	**61,764**	148,703
- Loss on disposal of other financial assets (Note 9)	**-**	-	**100,802**	-
- Share in profits of associates (Note 17)	**(56,414)**	(35,916)	**-**	-
- Gain on release of provisions	**-**	(505,582)	**-**	-
- Loss / (Gain) on disposal of FVTPL investments	**39,962**	(209,486)	**-**	-
- Loss on early redemption of bonds	**-**	293,249	**-**	-
- Dividend income (Note 9)	**(29,812)**	(1,440)	**-**	-
- Foreign exchange gains	**(2,122,716)**	-	**-**	-
- Interest and other related income (Note 10)	**(408,300)**	(416,087)	**(3,403,196)**	(1,797,251)
- Interest and other related expenses (Note 11)	**4,319,032**	2,847,109	**2,444,730**	988,110
Operating (loss) / profit before working capital movements	**(1,402,005)**	1,397,172	**(840,796)**	(1,140,763)
Movement in inventories	**(54,920)**	124,560	**-**	-
Movement in trade and other receivables	**856,685**	(759,005)	**474,065**	21,834
Movement in trade and other payables	**532,704**	(286,568)	**133,184**	(538,173)
Cash generated (used in) / from operations	**(67,536)**	476,159	**(233,547)**	(1,657,102)
Income taxes paid	**(33,756)**	(26,281)	**-**	-
Net cash flows (used in) / from operating activities	**(101,292)**	449,878	**(233,547)**	(1,567,102)

Statements of Cash Flows - *continued*

For the year ended 31 December

	Group		Company	
		Restated		Restated
	2023	2022	**2023**	2022
	€	€	**€**	€
Net cash flows (used in) / from operating activities	**(101,292)**	449,878	**(233,547)**	(1,657,102)
Cash flow used in investing activities				
Payments to acquire:				
- Property, plant and equipment (Note 14)	**(1,067,278)**	(431,106)	**-**	(8,929)
- Investment properties (Note 15)	**(26,684,791)**	(9,723,266)	**-**	-
- Intangible assets (Note 13)	**(148,502)**	(12,053)	**-**	-
- Financial assets (Note 19)	**(181,312)**	(637,482)	**(154,932)**	(638,700)
- Associates (Note 17)	**(13,750)**	-	**(38,750)**	-
Proceeds from disposals of:				
- Property, plant and equipment (Note 14)	**200,000**	156,715	**-**	-
- Investment properties (Note 15)	**2,065,000**		**-**	
- Financial assets (Note 19)	**1,253,623**	-	**2,429,595**	-
- Subsidiaries and/or associates	**-**	-	**113,668**	-
Dividends received from FVTPL investments (Note 9)	**29,812**	2,455,186	**786,641**	1,912,471
Net movement in loans to:				
- Ultimate parent company	**(600,658)**	(532,319)	**-**	-
- Group companies	**-**	-	**(2,195,020)**	(11,865,834)
- Associates and other related parties	**(856,165)**	(542,378)	**-**	(1,042,080)
- Third parties	**-**	11,537	**-**	-
Net movement in amounts due from:				
- Ultimate beneficial owner	**-**	-	**-**	225,000
- Third Parties	**-**	-	**-**	1,500
- Associates and other related parties	**755,754**	-	**-**	-
Interest received	**66,860**	71,204	**92,952**	380,235
Net cash flows (used in) / from investing activities	**(25,181,407)**	(9,183,962)	**1,034,154**	(11,036,337)

Statements of Cash Flows - *continued*

For the year ended 31 December

	Group		Company	
	2023	Restated 2022	**2023**	Restated 2022
	€	€	**€**	€
Net cash flows (used in) / from operating activities	**(101,292)**	449,878	**(233,547)**	(1,657,102)
Net cash flows used in / from investing activities	**(25,181,407)**	(9,183,962)	**1,034,154**	(11,036,337)
Cash flow from / (used in) financing activities				
Proceeds from new issuance of bonds/notes	**4,837,288**	14,464,901	**-**	-
Repayment of debt securities in issue	**(63,630)**	(5,337,770)	**-**	-
Premium paid to redeem the first bond	**-**	(250,000)	**-**	-
Proceeds from disposal of other financial assets	**1,179,089**	-	**-**	-
Proceeds from contractor financing	**18,568,625**	-	**-**	-
Net proceeds from borrowings from banks	**2,300,000**	-	**-**	-
Repayment of borrowings from banks	**(668,963)**	(631,193)	**-**	-
Payments of principal portion of lease liabilities	**(1,340,132)**	(1,680,940)	**-**	-
Repurchase of own shares (Note 23)	**(2,007,774)**	-	**(2,007,774)**	-
Net movement in borrowings from:				-
- Group companies		-	**(524,090)**	9,250,000
- Associates and other related parties	**326,500**	-	**(139,177)**	66,545
- Third parties	**-**	850,546	**-**	-
Interest paid	**(3,412,220)**	(3,344,377)	**(509,695)**	(459,320)
Net cash flows from / (used in) financing activities	**19,718,783**	4,071,167	**(3,180,736)**	8,857,225
Effect of changes in foreign exchange	**(546,327)**	190,424	**-**	-
Net movement in cash and cash equivalents	**(6,110,243)**	(4,472,493)	**(2,380,129)**	(3,836,214)
Cash and cash equivalents at the beginning of the year	**12,652,411**	17,124,904	**5,684,256**	9,520,470
Cash and cash equivalents at the end of the year	**6,542,168**	12,652,411	**3,304,127**	5,684,256

Notes to the Financial Statements

1. GENERAL INFORMATION

TIMAN Investments Holdings Limited (hereinafter referred to as "Company" or "TIH") is a limited liability company registered and domiciled in Malta. Its registered office is 14 East, Level 8, Sliema Road, Gzira GZR1639, Malta and its registration number is C 63335.

The Company and its subsidiaries (collectively referred to as "Group") are involved in real estate investments, property management, development and leasing, hospitality and tourism operations, and hotel management across Europe including Germany, Malta and Poland. Information on the Group's subsidiaries is provided within Note 2.5 below.

TIMAN Investments Holdings Limited is the parent company of the Group, and its principal activity is the holding of interests in other companies, subsidiaries, and associates as well as investing in various investment products for capital growth and income generation. The Company also provides financing to subsidiaries, associate companies and related parties.

Von Der Heyden Group Holdings B.V. (hereinafter referred to as "Ultimate Parent", or "VDHGH"), a company registered in Curaçao with registered address at Landhuis Groot Kwartier, Groot Kwartierweg 12 Curaçao, is the immediate and ultimate parent of the Company which effectively holds 85.42% of the voting capital of the Company as at 31 December 2023. The remaining 10% voting capital of the Company is owned by Trusthigh Holdings Limited (hereinafter referred to as "Trusthigh"), a company registered in Ireland with the remaining 4.58% owned by the Company (Note 23). The ultimate controlling party of the Group is Mr Sven von der Heyden, a resident of Malta.

2. MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and the requirements of the Companies Act (Cap. 386) of the laws of Malta.

These financial statements have been prepared on a historical cost basis, except for investment properties, certain properties (classified as property, plant and equipment), and debt and equity financial assets that have been measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services at the point of transaction.

These financial statements are presented in EUR (€) which is also the Company's functional currency.

2.2. Going concern

In the year ended 31 December 2023, the Group recorded a €3 million loss, an increase of €1.8 million from the previous year. Whilst operations in the Accommodation and Catering sector in Germany, Poland and Malta strove to return to normal trading conditions post the upheaval during the Covid-19 period, recording a substantial increase in revenue on continued operations, the operating result fell below expectations on account of the rampant inflationary increase in operating costs across the sector, including in the cost of human resources, energy and most of the bought-in supplies and services. In line with the Group's strategy to move away from 3-star properties, in 2024, the Group will exit the lease of another 3-star property in Germany while introducing a new leased hotel in IBB Palazzo Bettina at Cospicua in September 2023, which is expected to lead to a cash breakeven situation for the Group's Hotel operations.

The real estate development segment delivered a significant contribution to the Group results in 2023 on a net fair value gain of €3.1 million (after provision of deferred tax) on the Villa Diodati project in Tuscany, Italy that has continued to advance towards targeted completion when the Group will be seeking to dispose of the property. Also, of note, the results for the year do not reflect any contribution from the

2. MATERIAL ACCOUNTING POLICIES - *continued*

2.2. Going concern- *continued*

AND² project in Poznan, Poland despite the significant progress achieved during the year on the substantial completion of the shell and core of the 26-story building. In this regard, given the challenging office real estate market conditions, the expert valuer appointed by the Group established a valuation of the property of €61 million that principally reflects the asset's carrying value to date. This includes the €24.4 million construction spent in 2023.

During the year, the Group continued to deploy its resources principally in the development of its core investment property portfolio and its property, plant, and equipment that in the aggregate, account for 67% (2022: 52%) of the Group's total assets.

As of 31 December 2023, the Group's total assets have increased considerably to €156 million (2022: €142 million), including a cash balance of €6.5 million (2022: €12.7 million). The total shareholders' equity position stood at €32.7 million (2022: €34.9 million).

Liquidity

As of year-end the current liabilities of the group exceed its current assets by €19 million which include AND² contractor financing amounting to €23.4 million (Note 24) and a bank loan relating to Lubin Hotel of €3.9 million which is up for renewal in June 2024 (Note 24).

Whilst in 2023 a facility was finalised with a bank in Italy to finance the completion of Villa Diodati in Tuscany, the end-project financing for the AND² is currently at its conclusion stage.

After having already secured a senior lending facility for €55 million, due to subsequent securing of a mezzanine facility of €16 million and changes in the senior lending facilities consortium, multi-party re-negotiations recommenced, also addressing the settlement of the project finance provided by the turnkey contractor to date amounting to €24.9 million along with that arising up to the end of Phase 2 of the works in November 2024. The AND² tower on 31 December 2023 was valued at €61m (2022: €35.82m).

With the negotiations concluded and a term sheet issued by the senior lending consortium of banks, formal approval is expected in the coming months, leading to the fulfillment of the conditions precedent to release the €16m mezzanine facility provided by a Polish financial institution, as well as the execution of the conditions leading to the release of the €55 million senior lenders' facility to be provided by the project's bankers. The mezzanine financing agreement has been signed.

The mezzanine facility and the senior bankers' facility will be principally deployed to settle the amounts due to the contractor up to the end of Phase 2 and to finance the subsequent mechanical and engineering works in the final Phase 3 expected to be completed in September 2025.

The senior lenders' facility is subject to a number of conditions preceding drawdown, including that of the attainment of the predetermined level of pre-leases of the gross lettable area, that are market standard for a commercial real estate development project of this scale.

The above liquidity factor constitutes a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding, the directors confirm that based on the advanced discussions with the parties involved in the AND² project, including the issue of the terms sheet by the four banks in the senior lending consortium and the imminent approval of the credit committees of the bank that will release the agreed 16 million mezzanine funding and securing of a €55 million senior lenders loan facility commitment, the directors conclude that it is reasonable to expect that the Group will meet its ongoing obligations and can secure this additional financing imminently.

The group is also progressing well with extensive discussions with several prospective tenants which portends positively in meeting the pre-lease conditions for the first drawdown at the end of phase 2 of the AND² project around November 24.

2. MATERIAL ACCOUNTING POLICIES - *continued*

2.2. Going concern- *continued*

Concurrently the group is finalising the disposal of receivables for €7.5 million, which carries a first-ranking privilege and hypothec on a hotel property in Tuscany, Italy and in the process of extending the Lublin Hotel banking facility of €3.9 million, which is up for renewal in June 2024, for an expected further 3 years.

Moreover, the Group anticipates the realisation of certain peripheral assets to the Group's operations, including the properties in Mahon and Olbia and the commercial yacht utilised in the charter business.

Conclusion

Accordingly, after due consideration and extensive review of the Group's cashflow projections for the forthcoming twelve months, including the material uncertainties and mitigating factors mentioned above, as of the date of approving these accounts, the Directors consider that the Group will be able to secure adequate resources to continue operating for the foreseeable future and therefore the Group's financial statements have been prepared on a going concern basis.

2.3. New and amended standards and interpretations

Standards, interpretations and amendments effective in the current year

The Group has adopted the following amendments and improvements to EU-IFRS which are effective in the current year:

- IFRS 17 *Insurance Contracts*
- *Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*
- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately– disclosures are required for annual periods beginning on or after 1 January 2023)*

Except for the notable reduction in disclosure of the accounting policies, the adoption of these standards and amendments has not had any material impact on the other disclosures or on the amounts reported in these financial statements. The Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. The Company assessed its accounting policies disclosure and retained material accounting policies, in particular, those relating to the Group and Companies' main assets, liabilities, equity, income and expenses.

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to the Financial Statements - *continued*

2. MATERIAL ACCOUNTING POLICIES - continued

2.4. Standards, interpretations, and amendments issued but not yet effective

Standards, interpretations, and amendments to published standards as adopted by the European Union but are not yet effective

Up to the date of approval of these financial statements, the following new standards and amendments to existing standards have been published but are not yet effective for the current reporting year and which the Group has not adopted early.

- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* (applicable for annual periods beginning on or after 1 January 2024
- Amendments to IFRS 16 Leases: *Lease Liability in a Sale and Leaseback* (applicable for annual periods beginning on or after 1 January 2024)

None of these amendments is expected to have an impact on the financial position or performance of the Group and of the Company.

Standards, interpretations and amendments that are not yet adopted by the European Union

The following amendments to IFRS have been issued by the International Accounting Standards Board but have not yet been adopted in the European Union.

- Amendments to IAS 7 *Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements* (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)
- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (applicable for annual periods beginning on or after 1 January 2025, but not yet endorsed in the EU)
- IFRS 18 *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024) (applicable for annual periods beginning on or after 1 January 2027, but not yet endorsed in the EU)

With the exception of IFRS 18, none of the other mentioned amendments are expected to have an impact on the financial position or performance of the Group and of the Company. Management is yet to finalise its impact assessment on the Group and Company.

2. MATERIAL ACCOUNTING POLICIES - *continued*

2.5. Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are 'investee entities' over which the Group has control. Control is achieved when the Group:

- has power over the investee entity;
- is exposed, or has rights, to variable returns from its involvement with the investee entity;
- has the ability to use its power over the investee entity to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value (Note 32).

Notes to the Financial Statements - *continued*

2. MATERIAL ACCOUNTING POLICIES - *continued*

2.5. Basis of consolidation - *continued*

Information about the composition of the Group

These consolidated financial statements are comprised of the following:

Name	Principal activities	City	Domicile	Shareholding (%) 2023	2022
Directly held by the Company					
Von der Heyden Group Finance PLC	Financing	Gzira	Malta	**99.99**	99.99
IBB Hotel Collection Holding Limited.	Investment holding	Gzira	Malta	**99.59**	99.59
Asset Management Company Von der Heyden Group LLC	Dormant, subject to liquidation	Kiev	Ukraine	**100.00**	100.00
Von der Heyden Group Services Limited	Service company	Gzira	Malta	**100.00**	100.00
Von der Heyden Yachting Limited	Yacht leasing	Gzira	Malta	**100.00**	100.00
Hotspot Real Estate d.o.o.	Property holding	Podgorica	Montenegro	**100.00**	100.00
Gzira 14 East Limited	Property leasing	Gzira	Malta	**100.00**	100.00
IBB Hotel Erfurt GmbH & Co KG	Dormant company	Berlin	Germany	**-**	100.00
IBB Hotel Verwaltungsgesellschaft mbH	Dormant company	Berlin	Germany	**100.00**	100.00
First Polish Real Estate B.V.	Investment holding	Amsterdam	Netherlands	**53.45**	53.45
Andersia Tower Hotel Management Sp. z o.o.	Hotel management, operations ceased in March 2022	Poznan	Poland	**24.53**	24.53
Lublin Grand Hotel Sp. z o.o.	Property holding	Lublin	Poland	**75.00**	75.00
Nowy Swiat 5 Sp. z o.o.	Property holding	Warsaw	Poland	**100.00**	100.00
Von der Heyden & Partners Sp. z o.o.	Property holding	Warsaw	Poland	**100.00**	100.00
Von der Heyden Development Sp. z o.o.	Management services	Warsaw	Poland	**100.00**	100.00
Timan Investments España S.L.	Property holding	Menorca	Spain	**100.00**	100.00
Villa Diodati S.R.L.	Property holding	Pisa	Italy	**100.00**	100.00
Lvant Prospects Limited	Dormant Company	Gzira	Malta	**-**	100.00
Cugo Gran Hamburg GmbH	Dormant company	Hamburg	Germany	**100.00**	100.00
Held by the Group					
IBB Management 2007 S.L.	Hotel management	Mallorca	Spain	**99.59**	99.59
Hotel Sol del Este S.L.	Dormant company	Menorca	Spain	**99.59**	99.59
IBB España 2004 S.L.	Hotel management	Menorca	Spain	**99.59**	99.59
Kalagastur S.L.	Dormant company	Menorca	Spain	**99.59**	99.59
Donaupassage Hotel Betriebs GmbH	Hotel management	Passau	Germany	**99.59**	99.59
IBB Hotels Deutschland Betriebs GmbH	Hotel management	Ingelheim	Germany	**99.59**	99.59
IBB Blue Hotel Betriebs GmbH	Hotel management	Berlin	Germany	**99.59**	99.59
Palazzo Bettina Operations Limited	Hotel management	Gzira	Malta	**99.59**	-
IBB Hotel Management Europe Limited	Hotel management	Gzira	Malta	**99.59**	99.59
Senglea Hotel Operations Limited	Hotel operations	Gzira	Malta	**99.59**	99.59
Andersia Tower Hotel Management Sp. Z o.o.	Hotel management, operations ceased in March 2022	Poznan	Poland	**49.08**	49.08
Dlugi Targ Hotel Management Sp. Z o.o.	Hotel management	Lublin	Poland	**50.00**	50.00
Lublin Grand Hotel Management Sp. Z o.o.	Hotel management	Lublin	Poland	**74.63**	74.63
IBB Polska Sp. Z o.o.	Hotel management	Lublin	Poland	**99.59**	99.59
Andersia Property Sp. Z o.o.	Property management	Poznan	Poland	**66.67**	66.67
Dlugi Targ Sp. Z o.o.	Property holding	Lublin	Poland	**66.67**	66.67
SPV WW1 Sp. Z o.o.	Dormant shelf company	Warsaw	Poland	**100.00**	100.00
Andersia Retail Sp. Z o.o.	Property developer	Poznan	Poland	**66.67**	66.67
Viajes Menorca S.L.	Travel agency	Menorca	Spain	**88.93**	88.93
SPV Project 2101 S.R.L.	Special purpose vehicle	Milan	Italy	**N/a**	N/a

The remaining proportion of equity interest not held by the Company and /or the Group are the proportion held by non-controlling interests. Non-controlling interest of subsidiaries have been assessed by management as not being material on an individual basis.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.6. Business combination and goodwill

Business combinations, except for combinations involving common control companies, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held versus the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7. Business combination under common control

A business combination under common control is a transaction when the Group acquires a company, or brings into the Group for consolidation, for which the latter is already under common control by the same ultimate controlling party of the Group. The Group adopts a predecessor approach to account for business combinations under common control whereby the assets and liabilities of the acquiree are taken in the consolidated financial statements at their carrying amounts rather than at fair value and the difference between the consideration paid and the net assets/liabilities of the acquiree are recognised directly in equity. Goodwill is only recognised if it pertains to existing goodwill.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.8. Foreign currencies

The Group's consolidated financial statements are presented in Euro (€), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate). The principal exchange rates against the Group currency used in preparing the financial statements are:

	Assets and liabilities		**Income, expenses and cash flows**	
	2023	**2022**	**2023**	**2022**
PLN	**4.3395**	4.6808	**4.5420**	4.6861

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.9. Property, plant and equipment

Property, plant and equipment other than land and buildings and yacht are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Certain land and buildings are stated at revalued cost less accumulated depreciation in case of buildings and yacht.

Depreciation is provided on all items of property, plant and equipment, except freehold land and assets under construction, at the rates calculated to write-off the cost less residual value over their expected useful life as follows:

	%
Building	1 – 2
Machinery and equipment	7 – 25
Commercial yacht	7

Land and buildings and the commercial yacht are revalued by a professionally qualified architect/surveyor on the basis of market values. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

2.10. Investment property

Investment properties are stated at fair value, which reflects market conditions at the reporting date. Fair values are determined by a professionally qualified architect/surveyor on the basis of market values.

2.11. Investment in subsidiaries and associates

In the company financial statements, investment in subsidiaries and associates are carried at fair value at each reporting date with gains and losses in changes in fair value are taken to profit or loss.

A subsidiary is an investee company over which the Company has control. Refer to 2.5 for more information about subsidiaries. An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in subsidiaries and associates are initially recognised in the separate financial statements at cost, being the fair value of the consideration given, including acquisition charges associated with the investment.

Subsequent to initial recognition, the investments in subsidiaries and associates in the separate financial statements of the Company are measured at fair value in accordance with IFRS 9. Gains and losses in changes in fair value are taken to profit or loss.

In the consolidated financial statements of the Group, subsequent to initial recognition, investment in associates are accounted for using the equity method. Under the equity method, the carrying amount of the investment in associate is adjusted for the share in net income or loss of the associate, dividends received, and other equity movements of the associate. Where the Group's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The use of the equity method ceases from the date that significant influence ceases.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.12. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss (FVTPL)

All financial assets that are neither classified as financial assets at amortised cost nor financial assets at fair value through OCI as described in the accounting policies below are classified as financial assets at fair value through profit or loss. Investments in debt instruments that also meet the criteria to be classified as at amortised cost or at fair value through OCI below can also be classified under this category upon irrevocable designation by the directors if doing so eliminates or significantly reduces an accounting mismatch. Subsequent to initial recognition, changes in the fair values of financial assets under this category are recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.12. Financial instruments – *continued*

Financial assets at amortised cost

Investments in debt instruments that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as financial assets at amortised cost.

Investments in debt instruments under this category are initially recognised at fair value and subsequently measured at amortised using the effective interest method and are subject to impairment. Interest income is recognised in profit or loss and is calculated by applying the effective interest rate to the gross carrying amount of the debt instrument that is not credit impaired, or to the amortised cost if credit impaired. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and recognised in other gains only to the extent that it arises from a change in factor, such as time.

The Group's financial assets under this classification include trade receivables, loans to related parties, amounts owed by related parties.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

In respect of purchased or originated credit impaired (POCI) assets, the ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses. POCI assets are financial assets that are credit impaired on initial recognition and are recorded at fair value on original recognition with interest income subsequently being recognised on a credit-adjusted EIR.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.12. Financial instruments – *continued*

Impairment of financial assets – continued

For debt instruments at FVTOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVTOCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13. Cash and cash equivalents

Cash in hand and at banks and short-term deposits with an original maturity of less than three months are carried at cost.

Cash and cash equivalents are defined as cash in hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.14. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity.

Share premium represents the net consideration received in excess of the nominal value of the shares upon issuance.

2.15. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the financial reporting date and are discounted to present value when the effect is material. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

2.16. Revenue

The Group recognises revenue from the following major sources:

- accommodation and catering
- administration and consulting
- property leasing

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties including governmental agencies (e.g. sales taxes and fees). The Group recognises revenue when it transfers control of a product or service to a customer.

Accommodation and catering revenues

Accommodation revenue corresponds to all the revenues from guests at our owned and leased hotels. The services rendered such as room rentals, food and beverage sales and other ancillary services are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. Room rentals are recognised over time when rooms are occupied, while food and beverage sales and ancillary services are recognised at a point in time when goods and services have been delivered or rendered. Invoicing is done upon check-out and payment of the transaction price is immediate.

Catering revenue pertains to the catering services and food and beverage sales related to catering. The transaction price comprises a fixed amount agreed with the respective customer. Revenue is recognised at a point in time that the services are provided to the customer. Any upfront payments are deferred as contract liabilities.

Administration and consulting

Revenue from administration and consulting is recognised over time on a monthly basis based on the actual number of months rendered as a proportion to the duration of the agreed term or when the services are rendered.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.16. Revenue – *continued*

Property leases

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Amounts received from tenants to terminate leases are recognised in the statement of profit or loss when the right to receive them arises.

Practical expedients and exemptions

Financing component

The Group does not expect to have material contracts where the period between satisfaction of the performance obligations and payment by the customer exceeds one year. Consequently, the Group does not adjust any of its transaction prices for the time value of money.

Disclosure of variable consideration

The Group does not disclose the amount of variable consideration that the Group is expected to recognise in future periods in the following circumstances:

- if the revenue is recognised based on the amount invoiced or services performed; or
- if the consideration is allocated entirely to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation, and terms of the consideration relate specifically to a specific outcome from transferring the service.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.17. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Depreciation charged varies from 4 to 30 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.17. Leases – *continued*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.18. Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.19. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grants are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.20. Taxation

The tax charge/(credit) in the profit and loss for the year normally comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21. Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

2.22. Fair value measurement

The Group measures financial instruments, and non-financial assets such as land & buildings and investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

Notes to the Financial Statements - *continued*

2. MATERIAL ACCOUNTING POLICIES – *continued*

2.22. Fair value measurement – *continued*

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and, if a change is needed, it is accounted for in the year the changes become known.

Except for the below, in the opinion of the Directors, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant in terms of the requirements of IAS 1 *Presentation of financial statements.*

3.1. Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has tasked the Group Managing Director and the Group Financial Controller to determine the appropriate valuation techniques and inputs for fair value measurements.

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES – *continued*

3.1. Fair value measurements and valuation processes – *continued*

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group Managing Director and the Group Financial Controller work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group Managing Director and the Group Financial Controller reports their findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities and the board of directors verifies.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets. Involvement of external valuers is determined annually by the board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The board of directors decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Board of Directors analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Board of Directors verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in their respective notes.

The Group uses the services of professional valuers to revalue the land and buildings and investment property.

The professional valuers take into account market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

- A use that is physically possible, takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property).
- A use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property).
- A use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. As described in Note 32, the Group uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of land and building and investment property. Note 32 provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations.

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES – *continued*

3.2. Fair value of investments in subsidiaries and associates – separate financial statements

As described in Note 16, the Group uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of investment in subsidiaries and associates. Note 16 provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations. The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the investment in subsidiaries and associates in accordance with EU-IFRS.

3.3. Investment in associates

Investments in associates are carried at equity method for the Group and at fair value for the Company. For one of its associates, the Company has agreements in place to hold a percentage of the shares as trustee on behalf of other principals. The associate has been accounted for using the effective shareholding which is reflective of the returns to which the Group and the Company are entitled as a principal. Whilst the Group may have power over this share, as the shares are held in a trustee capacity, the Group has no right to variable returns on such.

3.4. Determining the lease term on contracts

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the options available as part of the lease term for its property leases. The Group typically exercises its option to renew for these leases in view of the investment made in the operations in each location.

3.5. Consolidation of special purpose vehicle

In 2021, the Group launched an asset securitisation vehicle created under the Italian Securitisation Law (Italian Law 130/1999) and regulated by the Bank of Italy. The Group does not hold any ownership interests in the vehicle. However, based on the terms of agreements under which the vehicle was established, the Group is entitled to variable returns from its involvement in the vehicle and that the Group has rights that gives it the ability to direct this vehicle's activities substantially and affect those variable returns. Consequently, the Group has control over this vehicle and therefore is being consolidated in these financial statements of the Group. The vehicle was set-up as a securitisation vehicle with the purpose of acquiring credits and eventually securitise them. Other than the acquisition of the credits disclosed in Note 18, the vehicle did not undertake any other major transactions.

Notes to the Financial Statements - *continued*

4. REVENUE

	Group	
	2023	2022
	€	€
Revenue by geographical region:		
Poland	**4,341,519**	5,626,663
Spain	**1,149,283**	2,904
Germany	**9,070,090**	7,726,958
Malta	**2,141,849**	1,877,907
	16,702,741	15,234,432
Revenue by activity:		
Accommodation	**11,650,560**	10,398,978
Catering	**2,939,192**	2,373,994
Leasing	**823,718**	670,442
Administration and consulting	**119,097**	44,852
Development	**-**	1,138,256
Other	**1,170,174**	607,910
	16,702,741	15,234,432

5. OTHER OPERATING INCOME

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Government grants (Note 30)	**-**	2,146,477	**-**	-
Others	**264,305**	502,463	**-**	-
	264,305	2,648,940	**-**	-

6. EXPENSES BY NATURE

Loss before tax is stated after charging:

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Cost of sales	**1,860,756**	1,262,428	**-**	-
Staff costs (Note 7)	**7,687,299**	7,257,437	**362,446**	682,459
Legal, professional, & outsourcing fees	**1,096,455**	1,431,015	**280,086**	210,396
Auditor fees	**310,471**	228,500	**48,144**	39,150
Marketing costs	**149,678**	164,801	**1,039**	1,387
Lease and related expenses (Note 27)	**494,089**	269,416	**52,953**	61,176
General and administrative expenses	**751,293**	829,411	**3,347**	32,077
Commissions	**1,063,788**	857,329	**-**	-
Cleaning and upkeep	**1,921,613**	1,243,327	**520**	1,710
Utilities, water and electricity	**1,252,500**	1,084,803	**-**	-
Other operating expenses	**1,820,645**	1,229,976	**210,435**	236,686
	18,408,587	15,858,443	**958,970**	1,265,041

Notes to the Financial Statements - *continued*

7. STAFF COSTS

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Salaries and wages	**5,628,626**	4,847,597	**212,290**	513,287
Social security costs	**1,018,771**	923,968	**7,805**	29,190
	6,647,397	5,771,565	**220,095**	542,477
Directors' fees and remuneration (Note 28)	**1,039,902**	1,485,872	**142,351**	139,982
	7,687,299	7,257,437	**362,446**	682,459
Average number of employees	**173**	191	**7**	16

8. OTHER GAINS / (LOSSES)

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Movement in fair value of investment properties (Note 15)	**3,101,550**	2,929,344	**-**	-
Net foreign exchange differences	**2,162,252**	(312,690)	**(17,686)**	17,350
Gain on disposal of investment property (Note 15) (i)	**487,924**	-	**-**	-
Gain on early termination of lease (Note 27)	**358,181**	-	**-**	-
Impairment of investment in associate (Note 17)	**(13,750)**	(17,041)	**(13,750)**	-
Impairment of investment in subsidiaries (Note 16)	**-**	-	**(118,732)**	-
Deferred gain on sale of property	**-**	400,000	**-**	-
Movement in fair value of investments in subsidiaries and associates (Notes 16 and 17)	**-**	-	**4,669,886**	850,033
Movement in fair value of financial assets at fair value through profit and loss (Note 19)	**(98,282)**	(49,684)	**(61,764)**	(148,703)
Loss on extinguishment of financial liability (ii)	**-**	(293,249)	**-**	-
	5,997,875	2,656,680	**4,457,954**	718,680

(i) During the year, the Group sold one of its investment properties and a resulting gain amounting to €487,924 was recognised.

(ii) The loss on extinguishment of financial liability relates to the costs on the early redemption of the Group's €25 million 4.4% bonds in 2022 comprising of the €1 premium paid per bond totalling €250,000 and the unamortised portion of the bond issue cost of €43,249.

9. DIVIDEND AND OTHER INVESTMENT LOSS OR INCOME

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Dividend income	**29,812**	1,440	**29,812**	1,440
Interest income on other financial assets	**59,525**	25,089	**106,048**	105,488
Loss on disposal of other financial assets	**(99,487)**	-	**(100,802)**	-
	(10,150)	26,529	**35,058**	106,928

Notes to the Financial Statements - *continued*

10. INTEREST AND OTHER RELATED INCOME

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Interest on:				
Bank balances	**121**	218	**23**	36
Loan to ultimate parent company	**224,229**	175,657	**227,117**	21,657
Loan to group companies	**-**	-	**3,012,234**	1,709,124
Loan to associates and related parties	**182,076**	182,423	**162,544**	58,019
Loan to ultimate beneficial owner	**86**	15,577	**-**	-
Loan to third parties	**1,278**	14,569	**1,278**	5,415
Other interest and other related income	**510**	2,555	**-**	3,000
	408,300	390,999	**3,403,196**	1,797,251

11. INTEREST AND OTHER RELATED EXPENSES

	Group		Company	
		Restated		Restated
	2023	2022	**2023**	2022
	€	€	**€**	€
Interest on:				
Bank loans and charges	**626,039**	352,120	**419**	177
Loan from group companies	**-**	-	**2,153,801**	920,915
Loan from associates and related parties	**445,299**	238,020	**41,618**	6,210
Loan from ultimate beneficial owner	**670**	-	**-**	-
Loan from third parties	**25,489**	10,383	**-**	-
Debt securities in issue	**1,879,025**	1,131,785	**-**	-
Finance lease liabilities (Note 27)	**1,088,827**	1,036,908	**-**	-
Other interest-bearing payables	**4,791**	17,085	**-**	-
Equity instruments classified as financial liability	**248,892**	60,808	**248,892**	60,808
	4,319,032	2,847,109	**2,444,730**	988,110

12. TAXATION

12.1. Income tax expense

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Current tax expense				
Corporate income tax expense	**135,870**	80,858	**-**	-
Corporate income tax adjustments in respect of prior periods	**(30,636)**	(52,167)	**-**	-
	105,234	28,691	**-**	-
Deferred tax expense				
Charged to profit or loss	**839,966**	500,478	**-**	-
Income tax expense	**945,200**	529,169	**-**	-

Notes to the Financial Statements - *continued*

12. TAXATION – *continued*

12.2. Tax reconciliation

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
(Loss)/Profit before tax	**(2,065,128)**	(631,368)	**2,753,953**	356,260
Theoretical credit at the parent company's domestic tax rate of 35%	**(722,795)**	(220,979)	**963,884**	124,691
Tax effects of:				
• Non-taxable income	**(2,080,082)**	(1,463,318)	**-**	(510)
• Non-deductible expenses	**1,239,879**	1,062,661	**(856,351)**	(221,568)
• Unabsorbed tax losses not recognised	**1,401,061**	659,200	**(88,221)**	(24,249)
• Revaluation of assets	**1,085,543**	613,315	**-**	-
• Other differences	**(21)**	(1,946)	**(19,312)**	121,636
• Income tax related to prior period	**(30,636)**	(52,167)	**-**	-
• Effect of difference in tax rate in the operating subsidiaries' jurisdictions	**52,251**	(67,597)	**-**	-
	945,200	529,169	**-**	-
Effective income tax rate	**45.8%**	83.81%	**0%**	0%

12.3. Deferred tax assets / (liabilities)

	Group	
	2023	2022
	€	€
Deferred tax assets		
Tax loss carried forward and other temporary differences	**814,481**	1,087,816
Unrealised loss on exchange	**171,630**	211,612
	986,111	1,087,816
Deferred tax liabilities		
Revaluation of land and buildings	**(2,101,749)**	(2,098,069)
Revaluation of investment properties	**(4,125,788)**	(3,301,080)
Revaluation of yacht	**(114,833)**	(114,833)
Other temporary differences	**(425,974)**	(426,174)
	(6,768,344)	(5,940,156)
Net deferred tax liabilities	**(5,782,233)**	(4,852,340)

Notes to the Financial Statements - *continued*

12. TAXATION – *continued*

12.3. Deferred tax assets / (liabilities) – *continued*

The directors have assessed the recognition of the deferred tax assets and they are confident that the deferred taxation recognized in the financial statements will be realized in the foreseeable future through trading operations. As at 31 December 2023, the Group has an unrecognized deferred tax asset of €4,680,484 (2022: €4,170,320) arising mainly on trading losses which have not been recognized due to doubts over their recoverability. Trading losses held by the Group are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2023, the Company had unutilized tax losses of €2,014,754 (2022: €2,499,551), which gave rise to a deferred tax asset €705,164 (2022: €874,843). The deferred tax asset has not been recognised in the financial statements in view of the potential uncertainty that future taxable profits would be available to absorb such asset.

12.4. Reconciliation of opening and closing balances of net deferred tax liabilities

	Group	
	2023	2022
	€	€
At 1 January	**4,852,340**	3,998,475
Tax expense/(credit) recognised in profit or loss	**979,178**	500,478
Tax expense recognised in OCI	**(49,285)**	353,387
At 31 December	**5,782,233**	4,852,340

13. INTANGIBLE ASSETS

Intangible assets of the Group comprise Computer and other software.

	Group	
	2023	2022
	€	€
Cost		
At 1 January	**416,751**	404,698
Additions	**159,994**	12,053
Disposals	**-**	-
At 31 December	**576,745**	416,751
Accumulated amortisation		
At 1 January	**(374,603)**	(335,602)
Charge for the year	**(13,631)**	(39,001)
At 31 December	**(388,234)**	(374,603)
Effect of translation of foreign operations	**(1,970)**	(3,790)
Carrying amount at 31 December	**186,541**	38,358

The Company does not have intangible assets during the periods presented in these financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	Group				
For the year ended 31 December 2023	**Land and Buildings €**	**Machinery and equipment €**	**Commercial Yacht €**	**Assets under construction €**	**Total €**
Cost/Revalued cost					
At 1 January 2023	25,969,000	3,427,993	1,445,395	25,000	30,867,388
Additions	168,764	858,659	39,855	-	1,067,278
Disposals	-	(200,000)	-	-	(200,000)
Revaluation	(446,311)	-	(107,157)	-	(553,468)
Transfer from investment properties (Note 15)	2,467,185	-	-	-	2,467,185
Transfers*	(615,362)	-	-	-	(615,362)
Effect of translation of foreign operations	1,403,678	47,970	-	-	1,451,648
Other movement	-	(64,288)	-	-	(64,288)
At 31 December 2023	**28,946,954**	**4,070,334**	**1,378,093**	**25,000**	**34,420,381**
Accumulated depreciation					
At 1 January 2023	-	(2,358,542)	(148,848)	-	(2,507,390)
Charge for the year	(615,362)	(249,807)	(129,245)	-	(994,414)
Transfers	615,362*	-	-	-	615,362*
At 31 December 2023	**-**	**(2,608,349)**	**(278,093)**	**-**	**(2,886,442)**
Carrying amount at 31 December 2023	**28,946,954**	**1,461,985**	**1,100,000**	**25,000**	**31,533,939**

*The transfers during the years ended 31 December 2023 relate to the accumulated depreciation as at the revaluation date that were eliminated against the gross carrying amount for the revalued assets.

The Group's land and buildings, as well as the yacht, were revalued by independent professional qualified valuers. Note 32 provides detailed information regarding the key assumptions used in performing such revaluation. The carrying amount of land and buildings, had they been measured at cost, would have amounted to €18,741,027 (2022: €14,926,531).

Notes to the Financial Statements - *continued*

14. PROPERTY, PLANT AND EQUIPMENT – *continued*

	Group				
For the year ended 31 December 2022	**Land and buildings €**	**Machinery and equipment €**	**Commercial Yacht €**	**Assets under construction €**	**Total €**
Cost/Revalued cost					
At 1 January 2022	25,006,082	3,719,885	1,400,000	28,305	30,154,272
Additions	4,289	380,013	45,395	-	429,697
Disposals	-	(666,759)	-	(3,305)	(670,064)
Revaluation	1,862,921	-	-	-	1,862,921
Transfers	(574,479)	-	-	-	(574,479)
Effect of translation of foreign operations	(329,813)	(5,146)	-	-	(334,959)
At 31 December 2022	**25,969,000**	**3,427,993**	**1,445,395**	**25,000**	**30,867,388**
Accumulated depreciation					
At 1 January 2022	-	(2,845,076)	-	-	(2,845,076)
Charge for the year	(574,479)	(138,511)	(148,848)	-	(861,838)
Released on disposal	-	625,045	-	-	625,045
Transfers	574,479	-	-	-	574,479
Effect of translation of foreign operations	-	-	-	-	-
At 31 December 2022	**-**	**(2,358,542)**	**(148,848)**	**-**	**(2,507,390)**
Carrying amount at 31 December 2022	**25,969,000**	**1,069,451**	**1,296,547**	**25,000**	**28,359,998**

The transfer during the year ended 31 December 2022 relates to the accumulated depreciation as at the revaluation date that were eliminated against the gross carrying amount for the revalued asset.

Notes to the Financial Statements - *continued*

14. PROPERTY, PLANT AND EQUIPMENT – *continued*

	Company			
	Motor vehicle €	Computer equipment €	Other assets €	Total €
For the year ended 31 December 2023				
Cost				
At 1 January 2023	115,699	36,456	2,950	155,105
Additions	-	-	-	-
At 31 December 2023	**115,699**	**36,456**	**2,950**	**155,105**
Accumulated depreciation				
At 1 January 2023	(115,699)	(25,347)	(1,770)	(142,816)
Charge for the year	-	(5,064)	(295)	(5,359)
At 31 December 2023	**(115,699)**	**(30,411)**	**(2,065)**	**(148,175)**
Carrying amount at 31 December 2023	**-**	**6,045**	**885**	**6,930**
For the year ended 31 December 2022				
Cost				
At 1 January 2022	115,699	27,527	2,950	146,176
Additions	-	8,929	-	8,929
At 31 December 2022	**115,699**	**36,456**	**2,950**	**155,105**
Accumulated depreciation				
At 1 January 2022	(108,700)	(19,193)	(1,475)	(129,368)
Charge for the year	(6,999)	(6,154)	(295)	(13,448)
At 31 December 2022	**(115,699)**	**(25,347)**	**(1,770)**	**(142,816)**
Carrying amount at 31 December 2022	**-**	**11,109**	**1,180**	**12,289**

15. INVESTMENT PROPERTIES

	Group	
	2023 **€**	2022 €
At 1 January	**44,967,617**	32,600,844
Additions	**26,684,791**	9,723,266
Disposals (i)	**(1,577,076)**	-
Transfer to property, plant and equipment (Note 14)	**(2,467,185)**	-
Fair value movement (Note 8)	**3,101,550**	2,929,344
Effect of translation of foreign operations	**2,796,520**	(285,837)
At 31 December	**73,506,217**	44,967,617

(i) During the year, the Group sold one of its investment properties and a resulting gain amounting to €487,924 was recognised.

The Group's investment properties as at year-end were revalued by independent professional qualified valuers. Note 32 provides detailed information regarding the key assumptions used in performing such revaluation. The fair value movement is mainly due to the revaluation increment related to the fair value of the ongoing restoration and renovation of the villa in Lucca, Italy.

During 2023, the Group reclassified a mixed-use property located in Mahon, Menorca, Spain previously classified as investment property to property, plant, and equipment. This reclassification was a result of the commencement of restaurant operations within the property, signifying a change in its intended use.

Notes to the Financial Statements - *continued*

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	€	€
At fair value		
At 1 January	**14,312,038**	13,734,690
Additions	**299,362**	115,480
Disposals	**(113,668)**	-
Impairment	**(118,732)**	-
Fair value movement	**4,377,355**	461,868
At 31 December	**18,756,355**	14,312,038

Information about the investments of the Company at the end of the period are as disclosed in Note 2.5. The Company accounts for its investments in subsidiaries at fair value, details of which are disclosed in Note 32. The fair value movement is mainly due to the revaluation increment related to the fair value of the villa in Lucca, Italy and the financial assets of First Polish Real Estate BV.

16.1. Net assets and results for the year of the of the subsidiaries directly held by the Company

Set out below is the information regarding the net assets as at 31 December and the results for the year then ended of the subsidiaries directly held by the Company, including indication as to whether they were audited for Group purposes.

	Net assets		Profit (loss) for the year	
	2023	2022	**2023**	2022
	€	€	**€**	€
Von der Heyden Group Finance P.L.C. (audited)	**(564,914)**	(401,716)	**(162,478)**	26,084
IBB Hotel Collection Holding Limited (unaudited)	**(20,611)**	294,603	**(315,213)**	(35,781)
Asset Management Company Von der Heyden Group LLC (unaudited)	**36,268**	57,205	**(22,345)**	(75,363)
Von der Heyden Group Services Limited (audited)	**(1,858,326)**	(1,056,846)	**(801,478)**	(772,048)
Von der Heyden Yachting Limited (audited)	**(750,098)**	(312,063)	**(438,031)**	(391,831)
Hotspot Real Estate d.o.o. (audited)	**25,019**	(341,165)	**366,184**	(169,592)
Gzira 14 East Limited (audited)	**227,287**	209,272	**18,017**	(44,822)
IBB Hotel Erfurt GmbH & Co KG (unaudited)	**-**	235,279	**-**	1,198
First Polish Real Estate B.V. (audited)	**3,658,412**	4,832,283	**(1,173,872)**	(656,063)
Andersia Tower Hotel Management Sp. z o.o. (unaudited)	**(932,227)**	(797,312)	**(71,249)**	399,195
Lublin Grand Hotel Sp. z o.o. (audited)	**2,983,713**	3,550,006	**(807,808)**	639,650
Lublin Grand Hotel Management Sp. z o.o. (audited)	**(925,557)**	(626,077)	**(227,098)**	212,363
Nowy Swiat 5 Sp. z o.o. (audited)	**(2,318,649)**	(2,179,873)	**31,181**	(302,956)
Von der Heyden & Partners Sp. z o.o. (unaudited)	**(632,896)**	(520,308)	**(67,772)**	6,280
Von der Heyden Development Sp. z o.o. (audited)	**992,532**	1,499,370	**(596,9188)**	(151,791)
Timan Investments España S.L. (audited)	**(1,272,982)**	(829,610)	**(443,372)**	244,067
Villa Diodati S.R.L. (audited)	**(603,256)**	(264,361)	**(613,257)**	(343,648)
Cugo Gran Hamburg GmbH (unaudited)	**18,726**	24,870	**(6,274)**	(130)

Notes to the Financial Statements - *continued*

16. INVESTMENT IN SUBSIDIARIES - *continued*

16.2. IBB Hotel Andersia

In 2022, the Group, through its subsidiary Andersia Tower Hotel Management Sp. z o.o., has ceased operating IBB Hotel Andersia in Poland. This came about after the Group entered into a settlement agreement in 2021 with the lessor of Andersia Tower. As part of the settlement agreement, the Group ceased operating the hotel by end of March 2022 and transferred it to the new hotel operator. This has led to a remeasurement of the related right-of-use asset and corresponding lease liability as disclosed in Note 27.

	2023	2022
	€	€
Revenue	**-**	1,052,120
Other operating income	**5,179**	958,824
Operating expenses	**(143,143)**	(1,431,558)
Other gains/(losses)	**98,088**	(110,086)
Net finance costs	**(31,373)**	(70,105)
Profit before tax	**(71,249)**	399,195
Taxation	**-**	-
Profit for the year	**(71,249)**	399,195
Other comprehensive income	**(63,666)**	23,549
Total comprehensive income	**(134,915)**	422,744

17. INVESTMENT IN ASSOCIATES

	Group		**Company**	
	2023	2022	**2023**	2022
At equity method/fair value	**€**	€	**€**	€
At 1 January	**896,491**	2,980,768	**694,892**	2,754,836
Additions	**13,750**	250,000	**13,750**	265,500
Disposals	**(4,000)**	-	**(4,000)**	-
Return of capital	**-**	(2,435,901)	**-**	(2,713,609)
Share in profits of associates	**56,414**	35,916	**-**	-
Share in OCI of associates	**221,825**	82,749	**-**	-
Impairment charge (Note 8)	**(13,750)**	(17,041)	**(13,750)**	-
Change in fair value	**-**	-	**292,531**	388,165
Other movement	**(1,399)**	-	**256,827**	-
At 31 December	**1,169,331**	896,491	**1,240,250**	694,892

The Company accounts for its investments in associates at fair value, details of which are disclosed in Note 32. The fair value in 2023 increased as a result of the proportional share in profits/(loss) from two of the associates.

17.1. Details of associates

Details of each of the Group's material associates at the end of the reporting period are as follows:

			Equity interest (%)*	
Name	**Principal activities**	**Domicile**	**2023**	**2022**
DGDV Capital Lda.	Investments	Portugal	**25.00**	25.00
IBB Hammets Operations Limited	Restaurant	Malta	**50.00**	50.00
KASA Investments GmbH	Investments	Germany	**49.58**	49.58
Mimie Reed International Limited **	Retail	Malta	**-**	40.00
Urbelia Business S.L.	Fuel stations	Spain	**50.00**	50.00
Von der Heyden Group Real Estate Services S.R.L.***	Real estate services	Italy	**50.00**	50.00

** This is the legal shareholding, whilst the Group's carrying amount is measured at the effective shareholding.*

*** The shareholding of Timan Investments Holdings Limited in Mimie Reed International Limited were acquired by the ultimate beneficial owner on 10 March 2023.*

**** On 12 December 2023, Von der Heyden Group Real Estate Services SRL was put into liquidation and a liquidator has been appointed.*

17. INVESTMENT IN ASSOCIATES - *continued*

17.2. Summarised financial information of associate undertakings

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with EU-IFRS Standards adjusted by the Group for equity accounting purposes.

	DGDV Capital Lda.	IBB Hammetts Operations Limited	KASA Investments GmbH	Mimie Reed International Ltd	Urbelia Business S.L.	Von der Heyden Group Real Estate Services S.R.L.*
	2023	2023	2023	2023	2023	2023
	€	€	€	€	€	€
Revenue	-	3,432,087	63,908	-	7,281,533	145,304
Profit/(loss) for the year	(21,595)	(102,283)	9,512	-	103,396	(10,301)
Other comprehensive income/(loss)	-	-	-	-	443,651	-
Total comprehensive income/(loss)	**(21,595)**	**(102,283)**	**9,512**	-	**547,047**	**(10,301)**
Share of profit for the year	-	-	4,716	-	51,698	-
Share of other comprehensive income	-	-	-	-	221,825	-
Unrecognised share of profits/(loss) losses in the associate for the year	(5,399)	(51,142)	-	-	-	(5,151)
Non-current assets	-	252,279	447,547	-	3,625,001	-
Current assets	2,277,880	681,479	782,132	-	272,389	98,945
Non-current liabilities	-	(346,000)	-	-	(2,230,214)	-
Current liabilities	(1,367,641)	(1,153,672)	(820,193)	-	(189,678)	(156,685)
Equity	**910,239**	**(565,914)**	**409,485**	-	**1,477,498**	**(57,740)**
Group's share in equity	**227,559**	**(282,957)**	**203,023**	-	**738,749**	**(28,870)**
Goodwill	-	-	-	-	73,942	-
Cumulative unrecognised share of losses in associates	17,291	291,382	-	-	-	33,870
Impairment	(17,291)	(8,425)	-	-	(73,942)	(5,000)
Other adjustments	-	-	-	-	-	-
Carrying amount of the investment	**227,559**	**-**	**203,023**	-	**738,749**	**-**

* Based on latest available management accounts dated 31 December 2022

17. INVESTMENT IN ASSOCIATES - *continued*

Summarised financial information of associate undertakings – *continued*

	Bogenhau-sener Tor Immobilien Sarl**	Plaza Explanada S.L. **	Urbelia Business S.L.	KASA Investments GmbH	IBB Hammetts Operations Limited	DGDV Capital Lda.	Mimie Reed International Ltd	Von der Heyden Group Real Estate Services S.R.L.	Blulabel Limited */**
	2022	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Revenue	-		5,375,650	167,096	4,616,868	-	5,674	145,304	-
Profit (loss) for the year	677,947	(26,823)	(114,152)	41,579	29,340	(13,064)	(81,264)	(10,301)	(87,279)
Other comprehensive income (loss)	-	-	165,497	-	-	-	-	-	-
Total comprehensive income (loss)	**677,947**	**(26,823)**	**51,345**	**41,579**	**29,340**	**(13,064)**	**(81,264)**	**(10,301)**	**(87,279)**
Share of profit/(loss) for the year	85,788	(13,411)	(57,076)	20,615	-	-	-	-	
Share of other comprehensive income	-	-	82,749	-	-	-	-	-	-
Unrecognised share of profits/(loss) losses in the associate for the year	-	-	-	-	14,670	(3,266)	(32,506)	(5,151)	-
Dividends received from the associate	-	307,375	-	-	-	-	-	-	-
Non-current assets	-	-	3,059,012	460,877	500,582	-	16,971	-	-
Current assets	9,094,610	65,409	162,548	767,322	922,631	1,103,069	64,951	98,945	26,300
Non-current liabilities	-	-	(2,082,498)	-	(646,000)	-	(239,925)	-	-
Current liabilities	(471,164)	(63,454)	(208,617)	(828,221)	(1,207,693)	(171,235)	(56,386)	(156,685)	(103,579)
Equity	**8,623,446**	**1,955**	**930,445**	**399,978**	**(430,480)**	**931,834**	**(214,389)**	**(57,739)**	**(77,279)**
Group's share in equity	**3,255,351**	**978**	**465,223**	**198,309**	**(215,240)**	**232,959**	**(85,756)**	**(28,870)**	**(24,343)**
Goodwill	-	-	73,942	-	-	-	-	-	-
Cumulative unrecognised share of losses in associates	-	-	-	-	240,240	17,291	89,756	33,870	24,343
Impairment	-	-	(73,942)	-	(25,000)	(17,291)	(4,000)	(5,000)	-
Other adjustments	(3,255,351)	(978)	-	-	-	-	-	-	-
Carrying amount of the investment	**-**	**-**	**465,223**	**198,309**	**-**	**232,959**	**-**	**-**	**-**

** Based on latest available management accounts dated 31 October 2020*
*** These associated companies were put into liquidation during 2022*

Notes to the Financial Statements - *continued*

18. LOANS AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Non-current				
Amounts owed by ultimate parent company (i)	**4,632,977**	4,032,319	**4,632,977**	532,319
Amounts owed by group companies (i)	**-**	-	**38,592,398**	29,998,803
Amounts owed by associates and other related parties (ii)	**3,227,717**	2,501,332	**1,997,180**	664,621
Amounts owed by third parties (iii)	**75,940**	25,750	**25,749**	25,749
Amounts owed by the ultimate beneficial owner	**6,810**	-	**6,810**	-
Prepayments (v)	**778,986**	-	**-**	-
	8,722,430	6,559,401	**45,255,114**	31,221,492
Current				
Amounts owed by third parties (iv)	**7,059,523**	7,059,523	**-**	-
Amounts owed by group companies (i)	**-**	-	**667,078**	4,510,259
Amounts owed by associates and other related parties (ii)	**-**	1,072,214	**-**	226,214
	7,059,523	8,131,737	**667,078**	4,736,473

i. The amounts owed by ultimate parent and group companies are unsecured, subject to interest rates ranging between 5% and 10% per annum and have maturity dates ranging from 31 December 2024 to 1 September 2032. The amounts owed by group companies to the Company as at 31 December 2023 are shown net of provision for impairment of financial assets amounting to €5,049,136 (2022: €3,262,824) (see Note 29).

ii. The amounts owed by associates and other related companies are unsecured, subject to interest rates ranging between 7.5% and 8.73% per annum and have maturity dates from 31 December 2025 and 1 September 2032.

iii. The amounts owed by third parties are unsecured, subject to interest rates ranging between 4.5% and 5% per annum and have maturity dates ranging from 31 December 2025 to 9 January 2026.

iv. This receivable, acquired through the special purpose vehicle (Note 3.5), was categorised as POCI upon acquisition as the borrower was in breach of the contract provisions. Furthermore, the receivable was acquired for a discounted price of €6 million. The receivable was recognised at its fair value which was determined to be €7.1 million, equal to the contractual inflows of the instrument, in view of its collateral. The receivable is secured by a first ranking privileged and hypothec linked to a hotel property complex in Italy valued at over €11 million. As at date of approval of the Financial Statements, the Group is in advanced negotiations with a bank in Italy to acquire the credit from the Group for a consideration of €7.5 million.

v. The prepayments relate to loan origination fees of the Bank Consortium Loan Facility yet to be signed for the AND2 development project. This amount will be netted-off against the proceeds from the loan facility and will be amortised using the effective interest method over the term of the facility. As at date of approval of the Financial Statements, the Group is yet to finalise discussions for this facility.

Notes to the Financial Statements - *continued*

19. OTHER FINANCIAL ASSETS

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Financial assets at fair value through profit or loss				
Balance at beginning of the year	**2,366,281**	1,793,982	**3,563,299**	2,573,303
Additions	**181,313**	621,983	**154,932**	1,926,624
Disposals	**(1,293,585)**	-	**(2,429,595)**	(787,925)
Fair value movement (Note 8)	**(98,282)**	(49,684)	**(61,764)**	(148,703)
Balance at end of the year	**1,155,727**	2,366,281	**1,226,872**	3,563,299

The Group's investments at fair value through profit and loss comprised solely of quoted debt and equity instruments that are listed on regulated markets and, therefore, are considered to be low credit risk investments. Fair values of these quoted debt and equity shares are determined by reference to published price quotations in an active market.

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Other financial assets				
Balance at beginning of the year	**145,078**	129,578	**-**	-
Movement	**(145,078)**	15,500	**-**	-
	-	145,078	**-**	-

Other financial assets, held at cost, are non-consolidated immaterial subsidiaries not traded in active markets.

20. INVENTORIES

The Group's inventories as at 31 December 2023 and 2022 mainly pertain to food and beverage supplies and materials for room amenities and housekeeping at the Group's hotels.

The Company had no inventories as at 31 December 2023 (2022: Nil).

Notes to the Financial Statements - *continued*

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Trade receivables from third parties (i)	**1,313,129**	794,824	**5,349**	5,349
Trade receivables from related parties (i)	**86,870**	388,835	**-**	-
Amounts owed by third parties (ii)	**100,429**	514,182	**13,716**	48,438
Amounts owed by group companies (iii)	**-**	-	**8,319,177**	5,479,516
Amounts owed by associate and other related parties (iii)	**483,949**	1,129,756	**273,835**	1,228,885
Amounts owed by ultimate parent company (iii)	**261,858**	351,535	**258,840**	21,657
Amounts owed by ultimate beneficial owner (iv)	**-**	-	**4,000**	-
Amounts owed by a director (v)	**30,000**	30,000	**30,000**	30,000
Advance payments to suppliers/deposits	**786,186**	1,471,358	**-**	-
Other receivables	**379,922**	132,381	**-**	-
Accrued income	**54,631**	64,355	**35,221**	18,125
Prepayments	**382,722**	361,162	**22,344**	15,083
VAT receivable	**2,097,339**	1,757,728	**-**	-
	5,977,035	6,996,116	**8,962,482**	6,847,053

i. Trade receivables of the Group are stated net of expected credit loss allowance of €130,380 (2022: €130,380). Trade receivables of the Company are stated net of expected credit loss allowance of €86,467 (2022: €86,467) (Note 29). Analysis of trade receivables past due is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
0 – 30 days	**360,779**	549,587	**-**	-
31 – 60 days	**379,090**	52,290	**-**	-
61 – 90 days	**191,125**	46,843	**-**	-
90+ days	**469,005**	534,939	**5,349**	5,349
	1,399,999	1,183,659	**5,349**	5,349

ii. The amounts owed by third parties are unsecured, subject to interest ranging between interest-free and 5.0%. These are repayable on demand. Expected credit loss allowance on these receivables in the Group and the Company's accounts as at 31 December 2023 amounted to €126,301 and €132,301 respectively (2022: €121,301) (Note 29).

iii. The amounts owed by ultimate parent company, group and associate companies as well as other related parties are unsecured and subject to interest rate ranging between 5% to 10%. The amounts are repayable on demand. Expected credit loss allowance as at 31 December 2023 on these receivables in the Group amounted to €346,551 (2022: €163,151) and €522,776 (2022: €586,892) in the Company (Note 29).

iv. The amounts owed by ultimate beneficial owner are interest free, unsecured and repayable on demand.

v. The amounts owed by directors are unsecured, interest free and are repayable on demand.

Notes to the Financial Statements - *continued*

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the consolidated statements of cash flows reconcile to the amounts shown in the consolidated statements of financial position as follows:

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Cash at bank	**3,468,831**	12,369,412	**783,482**	5,597,187
Cash on hand	**420,123**	42,015	**101**	1,381
Other cash and cash equivalents (i)	**2,653,214**	240,984	**2,520,544**	85,688
	6,542,168	12,652,411	**3,304,127**	5,684,256

i. The Group's and Company's other cash and cash equivalents represent amounts held with brokers and short-term deposits with a short-term maturity.

As at 31 December 2023, €428,713 of cash and cash equivalents were pledged as security in favour of the ultimate beneficial owner.

23. EQUITY AND RESERVES

23.1. Share capital

	2023	2022
	€	€
Authorised		
20,000,000 Ordinary "A" shares of €1 each	**20,000,000**	20,000,000
30,000,000 Ordinary "B" shares of €1 each	**30,000,000**	30,000,000
	50,000,000	50,000,000
Issued and paid-up		
3,249,924 Ordinary "A" shares, fully paid-up	**3,249,924**	3,249,924
554,717 Ordinary "B" shares, fully paid-up	**554,717**	554,717
	3,804,641	3,804,641

The Ordinary "A" shares and Ordinary "B" shares rank pari-passu.

Pursuant to the Shareholders' Agreement executed on 30 July 2014 between the Company and Trusthigh, the Company has the right to, and Trusthigh has the right to require the Company to reacquire the entirety of the 554,717 Ordinary "B" shares, within four (4) weeks following the end of the option period for an exercise price comprising of a fixed price of €5,000,000, plus a variable amount representing 14.58% of the excess net asset value over a pre-determined base amount, as further defined within the aforementioned Shareholders' Agreement. Furthermore, Trusthigh has appointed Mr Sven von der Heyden and/or the Company as proxy in relation to any and all the voting rights attached to the Ordinary "B" shares held by Trusthigh.

On 16 October 2023, Trusthigh and the Company signed an addendum to the Shareholders' Agreement to set-out the manner on how the repurchase of shares will be done and to fix the exercise price. As per the revised Shareholders' Agreement, the exercise price has been fixed as the sum of the fixed portion of €5,000,000, a variable portion of €1,206,220 which was derived at 14.58% of the excess net asset value/shareholders' equity of the Company as of 31 December 2022 over the pre-determined base amount provided for in the original agreement, and a premium portion of €247,560. The repurchase by the Company of the 554,717 Ordinary "B" shares from Trusthigh will be done in three separate tranches. Transfer 1 of 174,253 Ordinary "B" shares was carried out on 1 December 2023 for €2,007,774. Transfer 2 of 190,231 Ordinary "B" shares for €2,212,578 and Transfer 3 of 190,233 Ordinary "B" shares for €2,234,760 are expected to be carried out during 2024.

Notes to the Financial Statements - *continued*

23. EQUITY AND RESERVES - *continued*

23.1. Share capital - *continued*

The Transfer 1 has been executed in 2023 and a Treasury shares reserve have been recognised to reflect the own shares held by the Company.

23.2. Share premium

The share premium, part of the Group's undistributable reserves, arise on the issue of shares of the Company amounted to €4,445,283 (2022: €4,445,283).

23.3. Retained earnings

This represents the accumulated retained profits that are available for distribution to the shareholders of the Company.

23.4. Treasury shares

Treasury shares are issued shares of the Company and owned by the Company. The carrying amount of treasury shares is based on the amount paid to repurchase the shares and is recorded and presented as a reduction of equity. As of 31 December 2023, the Company holds 174,253 of its own Ordinary "B" shares and paid €2,007,774 to re-acquire these shares.

Pursuant to the Companies Act (Cap. 386, Laws of Malta), these shares can be held by the Company for a maximum period of 36 months and must be cancelled, if not sold.

23.5. Other reserves

The Group's other reserves is comprised of revaluation reserve of €3,871,232 (2022: €4,503,079), capital reserve of €235,023 (2022: €235,023), share in OCI of associates of €816,856 (2022: €595,030), merger reserve of €261,402 (2022: €261,402) and another reserve of (€2,081,212) (2022: (€4,088,986)) for the equity instruments corresponding to the financial liability.

The Group's revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The Group's capital reserve mainly relates to distributable reserves of certain subsidiary companies.

23.6. Currency translation reserve

The Group's reserve comprises foreign currency differences arising from the translation of the results and financial position of the Group entities that have a functional currency different from the presentation currency.

24. BORROWINGS

	Group		Company	
		Restated		Restated
	2023	2022	**2023**	2022
	€	€	**€**	€
Non-current				
Bank borrowings (i)	**11,156,422**	13,150,665	**-**	-
Loans from group companies (ii)	**-**	-	**33,375,959**	23,093,750
Loans from other related parties (ii)	**7,138,228**	5,884,931	**1,885,277**	-
Other borrowings	**283,683**	250,035	**-**	-
	18,578,333	19,285,631	**35,261,236**	23,093,750
Current				
Bank borrowings (i)	**4,327,423**	702,143	**-**	-
Loans from group companies (ii)	**-**	-	**-**	877,590
Loans from other related parties (ii)	**627,973**	366,217	**-**	913,061
Contractor financing (iii)	**23,354,872**	4,788,119	**-**	-
Equity instrument classified as financial liability (iv)	**4,447,338**	6,206,220	**4,447,338**	6,206,220
	32,757,606	12,062,699	**4,447,338**	7,996,871

i. The bank borrowings are pledged by special hypothecs on the properties and bear variable interest at rates ranging from 1.5% to 5.93% *per annum*. A €4.0 million loan is also secured by a pledge on the shares of two subsidiary undertakings. The non-current bank borrowings has a maturity date ranging from 14 April 2026 to 16 August 2038.

   One of the subsidiaries of the Group has a financial covenant requirement to maintain a minimum Debt Service Cover Ratio (DSCR) of 1.4. In 2023, the ratio fell below this requirement due the operating loss reported in the hotel which resulted to a negative DSCR. The operating loss in the year is primarily due to pandemic-related assistance which has ended in 2022 while the hotel industry still has not yet fully recovered from the pandemic coupled with higher than normal inflation and energy costs brought about by the ongoing war in Ukraine, whilst non-capitalisable renovation costs have been incurred to improve the hotel offerings. In 2023, the loan is classified as current in line with its current maturity, while refinancing discussions are being finalised with the bank. In 2022, there were no breaches of the financial covenants of any interest-bearing loans and borrowings.

ii. The loans from parent company, group companies, associates and other related companies are unsecured and bear interest at rates ranging from 5% to 9% per annum. Loans mature on dates ranging from 31 July 2026 to 16 September 2032. The increase in loans from group companies of the Company of €10.2 million relates to the additional drawdowns from the existing facilities provided by one of the subsidiaries.

iii. Contractor financing relates to remuneration payable to the contractor in relation the development and construction of AND^2 Tower in Poznan, Poland pursuant to the Construction Agreement between the Contractor and the Group. This financing bears annual interest at 3M-EURIBOR+5.0% and repayable according to the progress of works. On 16 December 2023, an agreement was reached to defer repayment and this shall be refinanced as disclosed in Note 2.2.

iv. The equity instruments classified as financial liability represents the carrying amount of the Ordinary "B" shares, excluding those already acquired by the Company, that carry a put option right as disclosed in note 23 and measured at amortised cost of the exercise price in accordance with the Shareholder Agreement.

25. DEBT SECURITIES IN ISSUE

	Group	
	2023	2022
	€	€
Non-current		
Listed Bonds MT0001401216, €35M 5%, 2032	**35,000,000**	35,000,000
Private Notes MT0001401224, €5M 7.4%, 2026	**5,000,000**	-
Less: Bond issue costs (unamortised balance) (i)	**(707,751)**	(619,864)
Bonds held by the Company (not cancelled)	**(86,100)**	(1,295,500)
	39,206,149	33,084,636
Current		
Accrued interest on bonds payable	**168,777**	68,056
Amounts held on behalf of bondholders (ii)	**63,181**	129,897
	231,958	197,953

i. The carrying amount of the bonds and notes is net of issue costs of which are being amortised over the life of the bonds.

ii. This relates to amounts due to bondholders held by the Group until the instructions for payment are received from the Malta Stock Exchange.

On 16 December 2022, the Group, through its listed subsidiary Von der Heyden Group Finance P.L.C. (“VDHGF”), issued bonds with an aggregate principal amount of €35 million and a nominal value of €100 each (“Listed Bonds”). The Listed Bonds are unsecured, bear interest of 5% per annum and will mature on 16 December 2032 subject to the terms and conditions in the Prospectus dated 10 October 2022. The proceeds were used mainly to early redeem the €25 million 4.4% 2024 Bonds, to partly finance the ongoing construction of the Andersia Silver in Poznan, Poland as well as for general corporate funding purposes. The bond is traded on the Malta Stock Exchange with the trading symbol of VH32A and International Securities Identification Number (ISIN) MT0001401216. At the close of the last trading day for the year 2023, the quoted price of the Listed Bonds was €100 (2022: €100). Interest paid related to the Listed Bonds in 2023 amounted to €1,738,799. Interest paid in 2022 amounting to €1,896,213 relates to €25 million 4.4% 2024 Bonds which were early redeemed on 16 December 2022.

On 22 September 2023, VDHGF issued notes with an aggregate principal amount of €5 million with a nominal value of €1,000 each (“Private Notes”). The Private Notes are unsecured, bear interest of 7.4% per annum and will mature on 22 September 2026 subject to the terms and conditions in the Prospectus dated 22 August 2023. The proceeds were used mainly to re-finance part of the development and finishing costs of Villa Diodati in Lucca, Italy and for general corporate funding purposes. The Private Notes has ISIN MT0001401224.

The Company, TIMAN Investments Holdings Limited, has provided a corporate guarantee in favor of the bondholders to affect the due and punctual performance of all payment obligations undertaken by the subsidiary under the Bonds if it fails to do so. Also, the Company has provided a corporate guarantee in favor of VDHGF to affect the due and punctual performance of all the payment obligations undertaken by the related party borrowers under VDHGF’s loans if the said borrowers fail to do so.

Notes to the Financial Statements - *continued*

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Trade payables to third parties	**1,859,151**	1,499,396	**86,714**	23,203
Trade payables to associates	**54,587**	356,786	**-**	-
Trade payables to group companies	**-**	-	**124,459**	22,584
Trade payables to other related parties	**366,538**	129,812	**-**	-
Amounts owed to third parties	**176,017**	850,091	**42,085**	850,091
Amounts owed to group companies (i)	**-**	-	**3,263,152**	1,615,210
Amounts owed to associates and other related parties (i)	**23,882**	10,777	**-**	2,894
Amounts owed to ultimate beneficial owner (i)	**28,253**	175,241	**28,253**	36,803
Other taxes and social security contributions	**309,454**	212,450	**6,626**	14,100
Advance payments received from customers (ii)	**58,499**	61,203	**-**	-
Other payables	**423,377**	421,841	**-**	-
Accruals	**949,406**	642,179	**56,558**	67,452
VAT payable	**128,965**	177,921	**-**	-
	4,378,129	4,537,697	**3,607,847**	2,632,337

i. The amounts owed to group companies, associates, other related companies and to ultimate beneficial owner are unsecured, interest free and repayable on demand.

ii. Advance payment received from customers represent contract liabilities which will be recognised as revenue in proportion to the pattern of rights exercised by the customer.

Notes to the Financial Statements - *continued*

27. LEASES

As at 31 December 2023, the Group had eight ongoing contracts for leases of properties for hotel operations and for office use where it is the lessee (2022: seven). The Company does not have financial commitments under non-cancellable leases of properties or other assets where it is the lessee.

The Group's leases were discounted at incremental borrowing rates between 2.96% and 6.84%. The weighted average rate applied is 4.46%.

27.1. Right-of-use assets

	Group	
	2023	2022
	€	€
At 1 January	**29,712,577**	31,404,241
Additions	**1,497,156**	-
Depreciation charge	**(1,748,949)**	(2,006,972)
Modification of lease	**(4,186,722)**	315,308
Termination of lease	**(6,308,122)**	-
At 31 December	**18,965,940**	29,712,577

27.2. Lease liabilities

	Group	
	2023	2022
	€	€
At 1 January	**31,911,034**	33,276,666
Additions	**1,497,156**	-
Interest accretion	**1,088,827**	1,036,908
Payments	**(2,428,959)**	(2,717,848)
Modification of lease	**(4,186,722)**	315,308
Termination of lease	**(6,666,302)**	-
At 31 December	**21,215,034**	31,911,034
Non-current	**19,970,891**	30,124,407
Current	**1,244,143**	1,786,627
	21,215,034	31,911,034

The maturity analysis of the undiscounted lease liabilities is disclosed in Note 29.

27.3. Amounts recognised in profit or loss

	Group	
	2023	2022
	€	€
Income		
Gain on early termination of lease (Note 8)	**358,181**	-
Expenses		
Depreciation of right-of-use	**1,748,949**	2,006,972
Interest expense on lease liabilities (Note 11)	**1,088,827**	1,036,908
Short-term and low-value leases and related expenses (Note 6)	**494,089**	269,416

27. LEASES - *continued*

27.4. Other disclosures related to leases

The Group had total cash outflows for leases amounting to €2,923,048 (2022: €2,987,264).

The Group has leases for hotel properties that contains variable lease payments based on the performance of the property. The variable lease payments are due only when the amount of a percentage of revenue exceeds the determined fixed lease payments. The fixed element under these leases amounted to €2,48,959 (2022: €2,717,848). A five percent increase in revenue from these hotel properties would not result in any impact on the total lease payments as the resulting calculation would be below the fixed portion.

Extension options considered by management are disclosed in note 3.4.

28. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company and the ultimate beneficial owner, the Company's subsidiaries and all other parties forming part of the Group of which the Company is the parent, and key management personnel. Transactions between the Company and its subsidiaries have been eliminated on consolidation. Details of transactions between the Company and its other related parties are disclosed below. Certain subsidiaries purchase and sell services to various related parties.

During the year then ended, the Group entered into the following transactions with non-consolidated related parties. Amounts due from and to related parties are disclosed in Notes 18, 21, 24 and 26 respectively. Amounts due or payable to related parties are classified within trade and other receivables and trade and other payables when determined by management to be of a current account nature. The guarantee provided by the Company to one of its subsidiaries is disclosed in Note 24.

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Transactions with ultimate parent company				
Interest income (Note 10)	**224,229**	175,657	**227,117**	21,657
Transactions with ultimate beneficial owner				
Interest income (Note 10)	**86**	15,577	**-**	-
Interest expense (Note 11)	**670**	-	**-**	-
Transactions with group companies				
Interest income (Note 10)	**-**	-	**3,012,234**	1,709,124
Interest expense (Note 11)	**-**	-	**2,153,801**	920,915
Operating expenses	**-**	-	**171,789**	89,435
Transactions with other related parties				
Interest income (Note 10)	**182,076**	182,423	**162,544**	58,019
Interest expense (Note 11)	**445,299**	238,020	**41,618**	6,210

Key management compensation

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Director's fees and remuneration (Note 7)	**1,039,902**	1,485,872	**142,351**	139,982

Amounts due from directors are disclosed in Note 21.

29. FINANCIAL INSTRUMENTS

At year-end, the Group's and the Company's financial assets comprise loans receivable, trade and other receivables, other financial assets and cash and cash equivalents. There were no off-balance sheet financial assets.

At year-end, the Group's and the Company's financial liabilities comprise borrowings and trade and other payables. Off-balance sheet financial liabilities such as financial commitments and contingent liabilities are as disclosed in Note 31.

Exposure to credit and liquidity risks arise in the normal course of the Group's and the Company's operations.

29.1. Timing of cash flows

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statements of financial position is intended to indicate the timing in which cash flows will arise.

29.2. Capital risk management

The Group and the Company manage their capital to ensure that they will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

The Group's and the Company's strategies are expected to remain unchanged in the foreseeable future. The capital structure of the Group and the Company consists of debt, which includes the borrowings as disclosed in Notes 24 and 25, and equity attributable to equity holders, comprising issued share capital, reserves and retained earnings as disclosed in Note 23 to these financial statements and in the statement of changes in equity.

29.3. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the Group and the Company to concentrations of credit risk consist principally of loans and borrowings, trade and other receivables, other financial assets and cash and cash equivalents.

Other financial assets and bank balances

The Group's and the Company's investments in debt securities are mainly listed on the regulated markets and are therefore considered to be of low credit risk investments.

The credit risk relating to bank balances is considered to be low in view of management's policy of placing it with quality and reputable financial institutions.

Trade and other receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. Outstanding customer receivables are regularly monitored and significantly dispersed in nature with no significant concentration of risk being in existence. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for customers with similar loss patterns (i.e. by geographical region or customer type).

29. FINANCIAL INSTRUMENTS - *continued*

29.3. Credit risk - *continued*

Loans and other receivables

Impairment of loans and other receivables is made when significant deterioration of credit risk has been identified. Twelve-month expected credit losses are derived by reference to average industry ratings from reputable credit rating agencies.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset as disclosed in their respective notes. The maximum exposure for the Company is further increased in respect of the guarantee given to VDHGF.

The table below analyses the Group's allowance for expected credit losses and impairment on loans and trade and other receivables as at the reporting date:

31 December 2023		**Group**	
	Gross carrying amount €	**Allowance €**	**Net carrying amount €**
By classification			
Loans and other receivables	15,781,953	-	15,781,953
Trade and other receivables	6,580,267	(603,232)	5,977,035
	22,362,220	**(603,232)**	**21,758,988**
By impairment analysis			
12-month ECL (low credit risk)	11,332,507	(130,380)	11,202,127
Lifetime ECL	3,497,338	-	3,497,338
Credit-impaired	472,852	(472,852)	-
POCI (i)	7,059,523	-	7,059,523
	22,362,220	**(603,232)**	**21,758,988**

31 December 2022		**Group**	
	Gross carrying amount €	**Allowance €**	**Net carrying amount €**
By classification			
Loans and other receivables	14,691,138	-	14,691,138
Trade and other receivables	7,410,948	(414,832)	6,996,116
	22,102,086	**(414,832)**	**21,687,254**
By impairment analysis			
12-month ECL (low credit risk)	11,816,724	(130,380)	11,686,344
Lifetime ECL	2,941,387	-	2,941,387
Credit-impaired	284,452	(284,452)	-
POCI (i)	7,059,523	-	7,059,523
	22,102,086	**(414,832)**	**21,687,254**

i. No ECL is being recognised on POCI financial assets in view of collateral held (Note 18).

29. FINANCIAL INSTRUMENTS - *continued*

29.3. Credit risk - *continued*

The table below analyses the Company's allowance for expected credit losses and impairment on loans and trade and other receivables as at the reporting date:

31 December 2023	Company		
	Gross carrying amount €	Allowance €	Net carrying amount €
By classification			
Loans and other receivables	50,971,328	(5,049,136)	45,922,192
Loans and other receivables (as Guarantor of a Group Company)	3,877,761	-	3,877,761
Trade and other receivables	9,704,026	(741,544)	8,962,482
	64,553,115	**(5,790,680)**	**58,762,435**
By impairment analysis			
12-month ECL (low credit risk)	58,701,585	(86,467)	58,615,118
Lifetime ECL (simplified approach)	147,317	-	147,317
Credit-impaired	5,704,213	(5,704,213)	-
	64,553,115	**(5,790,680)**	**58,762,435**

31 December 2022	Company		
	Gross carrying amount €	Allowance €	Net carrying amount €
By classification			
Loans and other receivables	39,220,789	(3,262,824)	35,957,965
Loans and other receivables (as Guarantor of a Group Company)	11,109,097	-	11,109,097
Trade and other receivables	7,641,713	(794,660)	6,847,053
	57,971,599	**(4,057,484)**	**53,914,115**
By impairment analysis			
12-month ECL (low credit risk)	53,853,265	(86,467)	53,766,798
Lifetime ECL (simplified approach)	147,317	-	147,317
Credit-impaired	3,971,017	(3,971,017)	-
	57,971,599	**(4,057,484)**	**53,914,115**

29. FINANCIAL INSTRUMENTS - *continued*

29.4. Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bond proceeds, bank loans, lease contracts and bank overdrafts. The Group's policy is that not more than 25% of borrowings should mature in the next 12-month period. Excluding the contractor financing, approximately 11% of the Group's debt will mature in less than one year at 31 December 2023 (2022: 13%). As disclosed in Note 24, the contractor financing was excluded as this can be rolled-over to more than 12 months through refinancing from the construction loan facility which the Group is working on to finalise with the banks' consortium. The Group is also currently in advanced discussions with a local bank and to refinance the liability related to the repurchase of Ordinary 'B' shares. Consequently, the Group has access to a sufficient variety of sources of funding and the other debts maturing within 12 months can be rolled over with existing lenders.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2023	**Group**					
	On demand €	**Less than 3 months €**	**3 to 12 months €**	**1 to 5 years €**	**More than 5 years €**	**Total €**
Interest-bearings loans (excluding items below)	84,490	123,493	31,392,919	19,153,166	391,249	51,145,261
Debt securities in issue	63,161	-	2,120,000	12,740,000	42,000,000	56,923,161
Lease liabilities	-	538,449	1,619,513	9,014,443	19,459,750	30,632,155
Trade and other payables	1,932,448	900,810	-	-	-	2,833,258
	2,080,099	**1,562,752**	**35,132,432**	**40,907,609**	**61,850,999**	**141,533,835**

31 December 2022	**Group**					
	On demand €	**Less than 3 months €**	**3 to 12 months €**	**1 to 5 years €**	**More than 5 years €**	**Total €**
Interest-bearings loans (excluding items below)	194,311	169,120	5,353,874	19,013,678	414,025	25,145,008
Debt securities in issue	-	-	1,685,225	6,740,900	42,130,625	50,556,750
Lease liabilities		685,352	2,056,055	10,644,414	28,993,800	42,379,621
Trade and other payables	2,407,835	642,179	-	-	-	3,050,014
	2,602,146	**1,496,651**	**9,095,154**	**36,398,992**	**71,538,450**	**121,131,393**

29.5. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

29. FINANCIAL INSTRUMENTS - *continued*

29.6. Foreign currency risk

The Group is exposed to foreign currency risk on payments of expenses that are denominated in a currency other than the Euro. The main currency giving rise to this risk is the Polish złoty (PLN), upon translation of the results of the subsidiaries into Euro (€).

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

The following table illustrates the sensitivities to a reasonably possible change in exchange rate between the PLN and the €, with all other variables held constant on the Group's total comprehensive income:

	Effect on the Group's total comprehensive income	
	2023	2022
	€'000	€'000
Change in PLN versus EUR rate by +5%	**2,570**	4,118
Change in PLN versus EUR rate by −5%	**(2,840)**	5,793

29.7. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. The interest rates on the borrowings are disclosed in Note 24.

The following table illustrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, with all other variables held constant, on the Group's profit before tax.

	Effect on the Group's profit before tax	
	2023	2022
	€'000	€'000
Change in basis points by +100	**(143)**	(139)
Change in basis points by −50	**76**	69

29.8. Fair value measurement of financial assets

At 31 December 2023 and 2022, financial assets at fair value through profit and loss were based on level 1 inputs, whereas the other financial assets are measured at fair value based on level 3 inputs. The different levels in the fair value hierarchy are defined in Note 2.

Fair value information is not presented for financial assets and financial liabilities which are not measured at fair value if their carrying amount is a reasonable approximation of fair value. As at 31 December 2023 and 2022, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current interest-bearing loans and borrowings approximated their fair values in view of the nature of the instruments or their short-term maturity. The fair value of non-current loans is not materially different from their carrying amounts particularly due to re-pricing. The fair values of non-current unsecured loans can be defined by reference to the quoted market price as disclosed in Note 25.

Notes to the Financial Statements - *continued*

29. FINANCIAL INSTRUMENTS - *continued*

29.9. Changes in liabilities arising from financing activities

	Group			Company
	Borrowings €	Debt securities in issue €	Lease liabilities €	Borrowings €
Balance at 1 January 2022	30,747,312	24,170,740	33,276,666	18,510,004
Cash flows	219,353	8,877,132	(2,717,848)	12,031,599
Accrued interest	215,679	-	1,036,908	-
Foreign exchange movement	105,178	-	-	-
Modification of lease	-	-	315,308	-
Loss on extinguishment of financial liability	-	293,249	-	-
Remeasurement of equity instrument classified as financial liability	60,808	-	-	60,808
Amortisation of bond issue costs	-	42,409	-	-
Other movement	-	(298,894)	-	488,150
Balance at 31 December 2022	**31,348,330**	**33,084,636**	**31,911,034**	**31,090,561**
Balance at 1 January 2023	31,348,330	33,084,636	31,911,034	31,090,561
Cash flows	18,518,388	6,016,377	(2,428,959)	(2,671,041)
Accrued interest	329,504	-	1,088,827	41,615
Additions	-	-	1,497,156	-
Modification of leases	-	-	(4,186,722)	-
Lease terminations	-	-	(6,666,302)	-
Conversion of other payables to borrowings	1,069,835	-	-	1,069,835
Foreign exchange movement	(179,010)	-	-	-
Assignment of loans	-	-	-	9,928,709
Amortisation of bond issue costs	-	74,825	-	-
Remeasurement of equity instrument classified as financial liability	248,892	-	-	248,892
Other movement	-	30,311	-	-
Balance at 31 December 2023	**51,335,939**	**39,206,149**	**21,215,034**	**39,708,571**

30. GOVERNMENT GRANTS

In an attempt to mitigate the impact of the COVID-19 pandemic, Governments in different countries introduced measures to aid entities. Government grants received by the Group during the financial periods presented included the Polish Development Fund (PFR) Financial Shields as well as the Bridging Aids by the German Government. These grant took the form of forgivable loans, which were provided as interest free loans. The PFR grant requires entities to maintain the average number of employees and to operate for the entire period of 12 months from the date of receiving the subsidy. Upon satisfying these conditions, the loan will be waived.

Government grants received, and for which conditions have been fully satisfied, are reported as income and are disclosed in Note 5. Government grants received and for which conditions were not yet fully satisfied, due to the twelve-month period expiring in May 2022 were reported as liabilities within current loans from third parties and amounted to nil in 2023 and 2022.

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1. Commitments

The Group also has commitments in respect of subscriptions it has with private investment funds. Total remaining commitments in this regard amounted to €1.2 million as at 31 December 2023.

31.2. Contingent liabilities

There were no ongoing disputes involving the Company or any of the Group's subsidiaries as at 31 December 2023 and 2022.

Notes to the Financial Statements - *continued*

32. FAIR VALUE MEASUREMENT

32.1. Land & buildings and investment properties

The Group's land and buildings are classified as either property, plant and equipment or investment property depending on their intended use. Land and buildings are revalued by professionally qualified architects or surveyors on the basis of assessments of the fair value of the property in accordance with international valuations standards and professional practice (Notes 14 and 15).

In the years where a valuation is not obtained, management verifies all major inputs to the independent valuation report, assesses any property valuation movements when compared to the prior year valuation report and holds discussions with the independent valuer, as necessary.

For all properties, their current use equates to the highest and best use.

The investment properties held are still in their development stages, and thus no income is being derived from such.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Group's property has been determined to fall within level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 2.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year.

Description of valuation techniques used and key inputs to valuation of lands and buildings and investment properties

The valuation was determined by a combination of the income approach (discounted projected cash flows) and the asset-based approach with reference to market prices based on database of valuations and sales of properties in the relevant area, as applicable.

Particulars	Valuation technique	Significant unobservable inputs	Range	Narrative sensitivity
Land and building	Asset-based	Price per square meter	€1,365/sqm to €4,300/sqm	The higher the price per sqm, the higher the fair value
	Income approach	Discount rate	7.25% - 8.75%	The higher the discount rate, the lower the fair value
Commercial yacht	Asset-based	Offer price - letter of intent	€1,100,000	The higher the offer price, the higher the fair value
Investment property	Asset-based	Price per square meter	€192/sqm to €3,100/sqm	The higher the price per sqm, the higher the fair value
	Income approach	Discount rate	7.50%	The higher the discount rate, the lower the fair value

32. FAIR VALUE MEASUREMENT - *continued*

32.2. Investment in associates

The Company accounts for its investments in associates at fair value (Note 17) using the asset-based approach by reference to the net asset value of the respective entities. The Company's investment in associates has been determined to fall within level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 2. The fair value in 2023 increased as a result of the proportional share in profits/(loss) from three of the associates. Meanwhile the decrease in fair value in 2022 followed the return of capital upon liquidation undertaken by one of the associates. The return of capital upon liquidation during 2022 has been transferred to the Group and Company's bank account.

Valuations from professionally qualified architects or surveyors, on the basis of assessments in accordance with international valuations standards and professional practice, including market data at the valuation date, are reflected for the operations being valued (for valuation techniques on asset-based approach refer to Note 32.3).

32.3. Investment in subsidiaries

The Company accounts for its investments in subsidiaries at fair value (Note 16). It uses different methods to value its investments, mainly the discounted projected cash flows approach in the case of operating companies and the asset-based approach in the case of companies holding properties.

The Company's investment in subsidiaries has been determined to fall within level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 2.

	Company	
	2023	2022
	€	€
Discounted cash flows approach	**5,466,904**	5,002,664
Asset-based approach	**13,850,102**	9,309,374
	19,317,006	14,312,038

Discounted cash flows ("DCF") approach

Management performs an annual budgeting exercise updating each hotel's projected performance to reflect actual results and external market factors. A discount rate of 10%, and capitalisation rates of between 8% and 12%, have been used for the operations being valued. The higher the discount rate, the lower the fair value; the higher the capitalisation rate, the lower the fair value.

Asset-based approach

Valuations from professionally qualified architects or surveyors, on the basis of assessments in accordance with international valuations standards and professional practice, including market data at the valuation date, are reflected for the operations being valued (Note 32.1)

32. FAIR VALUE MEASUREMENT - *continued*

32.3. Investment in subsidiaries - *continued*

Details of investment in subsidiaries by valuation technique

	Valuation technique
Von der Heyden Group Finance P.L.C.	Asset-based
IBB Hotel Collection Holding S.L.	DCF
Asset Management Company Von der Heyden Group LLC	Asset-based
Von der Heyden Group Services Limited	Asset-based
Von der Heyden Yachting Limited	Asset-based
Hotspot Real Estate d.o.o.	Asset-based
Gzira 14 East Limited	Asset-based
First Polish Real Estate B.V.	Asset-based
Andersia Tower Hotel Management Sp. z o.o.	Asset-based
Lublin Grand Hotel Sp. z o.o.	Asset-based
Nowy Swiat 5 Sp. z o.o.	Asset-based
Von der Heyden & Partners Sp. z o.o.	Asset-based
Von der Heyden Development Sp. z o.o.	DCF
Timan Investments España S.L.	Asset-based
Cugo Gran Hotel Hamburg Verwaltungsgesellschaft mbH	Asset-based
IBB Hotel Verwaltungsgesellschaft mbH	Asset-based
Villa Diodati S.R.L.	Asset-based

33. RESTATEMENT OF COMPARATIVE PERIOD

33.1. Classification and presentation of Ordinary "B" shares

As disclosed in Note 23, pursuant to the Shareholder Agreement for the issuance of the Ordinary "B" shares, Trusthigh can require the Company to repurchase the entirety of the 554,717 Ordinary "B" Shares after the option period at an exercise price comprising of a fixed amount of €5,000,000 (which is equivalent to the amount received to issue the Ordinary "B" shares) and a variable amount as further defined in same Shareholder Agreement.

Pursuant to the Shareholder Agreement, Trusthigh has the right to require the Company to repurchase the Ordinary "B" shares, thus, the Company has a contractual obligation to deliver cash equivalent to the exercise price on the exercise of such right. As a result, the Ordinary "B" shares, in its entirety, carry a put option right and is a puttable financial instrument. As a puttable financial instrument, the Ordinary "B" shares, in its entirety, satisfies the definition of financial liability. Despite being issued in the form of equity instrument, in substance it is a financial liability and shall be accounted for as such on initial recognition at the discounted exercise price. The variable portion of the exercise price is re-assessed and adjusted through profit and loss on a yearly basis.

In the previous years' financial statements, the Ordinary "B" shares have been erroneously classified and presented as equity instruments. Since such shares with the put option right shall be accounted for as a financial liability on initial recognition, a retrospective application of the classification, measurement and presentation were effected, and consequently, the comparative information presented in this year's financial statements for the year ended 31 December 2022 and as at 1 January 2022 have been restated to reflect the Ordinary "B" shares as a financial liability.

The following tables present the adjustments affected and a reconciliation of the amounts presented in the comparative information as restated to the related amount as restated in the previous year's statements comprehensive income and statements of financial position. There is no impact in the statement of cash flows of the Group and of the Company in the comparative period presented resulting from the restatement discussed in this note.

Statement of Comprehensive Income

	Group		
	As Restated	Restatement	Previously Reported
	€	€	€
For the year ended 31 December 2022			
Interest and other related expenses	(2,847,109)	(60,808)	(2,786,301)
Total comprehensive income	190,192	(60,808)	251,000

Statement of Financial Position

	Group		
	As Restated	**Restatement**	**Previously Reported**
	€	**€**	**€**
At 1 January 2022			
EQUITY AND LIABILITIES			
Capital and reserves			
Other reserves	**788,121**	(4,088,986)	4,877,107
Retained earnings	**12,215,628**	(2,056,486)	14,272,114
Equity attributable to owners of the parent	**19,637,760**	(6,145,472)	25,783,232
TOTAL EQUITY	**34,763,219**	(6,145,472)	40,908,691
LIABILITIES			
Current liabilities			
Borrowings	**12,981,428**	6,145,472	6,835,956
TOTAL EQUITY AND LIABILITIES	**133,518,232**	-	133,518,232

33. RESTATEMENT OF COMPARATIVE PERIOD – *continued*

33.1. Classification and presentation of Ordinary "B" shares - *continued*

Statement of Financial Position - continued

	Group		
	As Restated €	**Restatement €**	**Previously Reported €**
At 31 December 2022			
EQUITY AND LIABILITIES			
Capital and reserves			
Other reserves	**1,505,548**	(4,088,986)	5,594,534
Retained earnings	**10,208,594**	(2,117,294)	12,325,888
Equity attributable to owners of the parent	**18,235,467**	(6,206,280)	24,441,747
TOTAL EQUITY	**34,890,757**	(6,206,280)	41,097,037
LIABILITIES			
Current liabilities			
Borrowings	**12,062,699**	6,206,280	5,856,419
TOTAL EQUITY AND LIABILITIES	**141,978,881**	-	141,978,881

Statement of Comprehensive Income

	Company		
	As Restated €	Restatement €	Previously Reported €
For the year ended 31 December 2022			
Interest and other related expenses	**(988,110)**	(60,808)	(927,302)
Total comprehensive income	**356,260**	(60,808)	417,068

Statement of Financial Position

	Company		
	As Restated €	**Restatement €**	**Previously Reported €**
At 1 January 2022			
EQUITY AND LIABILITIES			
Capital and reserves			
Other reserves	**(4,088,986)**	(4,088,986)	-
Retained earnings	**28,831,636**	(2,056,486)	30,888,122
TOTAL EQUITY	**32,992,574**	(6,145,472)	39,138,046
LIABILITIES			
Current liabilities			
Borrowings	**6,943,682**	6,145,472	798,210
TOTAL EQUITY AND LIABILITIES	**53,744,466**	-	53,744,466
At 31 December 2022			
EQUITY AND LIABILITIES			
Capital and reserves			
Other reserves	**(4,088,986)**	(4,088,986)	-
Retained earnings	**29,187,896**	(2,117,294)	31,305,190
TOTAL EQUITY	**33,348,834**	(6,206,280)	39,555,114
LIABILITIES			
Current liabilities			
Borrowings	**7,996,871**	6,206,280	1,790,591
TOTAL EQUITY AND LIABILITIES	**67,071,792**	-	67,071,792

33. RESTATEMENT OF COMPARATIVE PERIOD – *continued*

33.2. Change in presentation of Statement of Comprehensive Income

The Statement of Comprehensive Income in this set of financial statements has been revised to provide users with a clearer view of the Group's operational performance. The following is a summary of the changes from the previous year's presentation, and the information in the comparative period has been adjusted to reflect these changes.

- In these financial statements, 'Operating costs' combine the previous 'Cost of Sales' and 'Administrative Expenses' categories, reflecting the combined cost of running the core business.
- The 'Gross profit' subtotal has been removed.
- The composition of 'Operating profit or loss' subtotal now includes 'Other operating income' but excludes 'Depreciation and amortisation'.
- New subtotals, 'Earnings before interest, taxes, depreciation and amortisation' (EBITDA) and 'Earnings before interest and taxes' (EBIT), have been added as they are key performance measures used by management and industry analysts.
- Certain amounts in the comparative period presented have been adjusted to reflect the classification in the current year.

The directors believe the revised presentation of items in the Statement of Comprehensive Income better reflects the Group's operations and business model. With the new performance measure subtotals, users can gain a clearer understanding of the Group's core operating performance and make more informed assessments and decisions.

34. EVENTS AFTER THE END OF THE REPORTING PERIOD

After the reporting period, the following non-adjusting events have transpired:

- Certain positions in investments in other financial assets were closed and the financial commitments on these positions were also released.
- The Group is in advanced stages of discussions with certain banks and government development funds to finance certain projects and transactions of the Group.
- The final repayment date of one of the Group's bank borrowings was extended from 31 March 2024 to 30 June 2024.
- The Group has sold to a third party, subject to certain technical conditions, the commercial yacht as reflected in note 14 for gross consideration of €1,100,000.

Independent Auditors’ Report

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INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Timan Investments Holdings Limited

Report on the audit of the separate and consolidated financial statements

Opinion

We have audited the separate and consolidated financial statements of Timan Investment Holdings Limited (the "Company" and together with its subsidiaries, the "Group"), set on pages 18 to 84, which comprise the separate and consolidated statements of financial position as at 31 December 2023, and the separate and consolidated statements of comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company as at 31 December 2023, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to Going Concern

We draw attention to Note 2.2 of the financial statements which indicates that the current liabilities of the group exceed its current assets by EUR19 million and explains the Group's current liquidity position in relation to the stage of the ongoing multi-party negotiations relating to the end-project financing for the AND^2 project. These conditions, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Note 2 also explains management plans to secure this additional financing, progress in meeting banking facility drawdown conditions and the realisation of certain other peripheral assets. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Timan Investments Holdings Limited - continued

Report on the audit of the separate and consolidated financial statements - continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, and for 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.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group, or to cease operations, or have no realistic alternative but to do so.

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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Timan Investments Holdings Limited - continued

Report on the audit of the separate and consolidated financial statements - continued

Auditor's responsibilities for the audit of the financial statements - continued
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Timan Investments Holdings Limited - continued

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act

We are required to express an opinion as to whether the directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

We also have responsibilities under the Companies Act to report to you if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

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

The partner in charge of the audit resulting in this independent auditor's report is Shawn Falzon for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

30 April 2024