

CF Estates Finance p.l.c.

Interim Report & Financial Statements

For the period 1 January to 30 June 2023

Company registration number: C 102839

Contents

General information	2
Interim Directors' Report	3
Interim Financial Statements:	
Statement of comprehensive income for the period ended 30 June 2023	6
Statement of financial position as at 30 June 2023	7
Statement of changes in equity as at 30 June 2023	9
Statement of cash flows for the period ended 30 June 2023	10
Notes to the interim financial statements	11
Statement pursuant to Listing Rule 5.75.3	21
Report on review of the interim financial information	22

General information

Registration

CF Estates Finance p.l.c. is registered in Malta as a limited liability company under the Companies Act, (Cap. 386) with registration number C 102839.

Directors

Francis Agius
Stephen Muscat
Joseph Portelli
Peter Portelli
Mario Vella

Company secretary

Joseph Saliba

Company registration number

C. 102839

Registered office

CF Business Centre, Level 1
Triq Gort, Paceville,
St. Julians, STJ 9023
Malta

Bankers

MeDirect Bank (Malta) Plc
The Centre, Tigne Point,
Sliema TPO 0001,
Malta

Legal Advisor

Saliba Stafrace Legal
9/4, Britannia House
Old Bakery Street
Valletta VLT 1450
Malta

Auditors

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

Interim Directors' Report

Pursuant to Listing Rules 5.75.2 for period 1 January to 30 June 2023

The directors present their interim report together with the unaudited interim financial statements for the period 1 January to 30 June 2023.

Principal activities

The principal activity of the Company consists of acting as a finance and investment vehicle for CF Estates Ltd., (the "Guarantor" and "Parent Company") and related Group companies, namely CF Business Centre Ltd (formerly named Haven Centre Ltd), Mistral Hotel Ltd, Ratcon Ltd, Finish Furnish Limited, CF Developers Ltd, CF Hotels Ltd, CF Contracting Ltd and CF Leisure Ltd.

On 30 November 2022, the Company issued €30,000,000 5% secured bonds maturing in 2033. These bonds were issued at a nominal value of €100 per bond. Trading of these bonds commenced on 6 January 2023.

In accordance with the provisions of the Prospectus dated 28 November 2022, the net proceeds from the bond issue have been advanced by way of a loan facility to the Guarantor and Parent Company, for the purpose of refinancing existing bank loans and financing part of the development costs in respect of the real estate developments undertaken by one of its subsidiaries, CF Developers Ltd and for general corporate funding purposes of the Group.

Review of business

During the period under review, interest income receivable on loans from the Parent Company amounted to €866,141. After accounting for interest payable on the Company's borrowings and administrative costs, the Company registered a loss before taxation amounting to €5,489. The Company's financial position is dependent on the Parent Company's ongoing obligation to pay the annual interest on the loan granted, which serve as the primary income to pay out the annual interest on the debentures. The Guarantor offers the maximum support to the Company through the strength of its balance sheet. The Company's balance sheet is primarily made up of the bonds in issue and corresponding loan to the Guarantor amounting to € 29.295 million. The company's equity as at the end of the financial year amounted to €162,418.

Key Risks

The key risks associated with the Company and the Guarantor, as a parent and operating company, are those associated with the exposure to the real estate development market as well as to an array of competitive pressures in the operation and management of hospitality, accommodation, and commercial rental markets in Malta. The full list of all the key risks listed in both Prospectus and are still applicable to the Company and the parent.

Group companies

As at 30 June 2023, CF Estates Finance p.l.c. (the "Company") was a subsidiary of CF Estates Ltd (the "Parent Company" and "Guarantor"). Other fully owned subsidiaries are CF Business Centre Ltd (formerly named Haven Business Centre Ltd), Mistral Hotel Ltd, Ratcon Ltd, Finish Furnish Limited, CF Developers Ltd, CF Hotels Ltd, CF Contracting Ltd and CF Leisure Ltd.

Results

The results for the period and the movement on the reserves are as set out on pages 6 and 10 of the financial statements, respectively. No dividends were recommended or paid during the period. The directors do not recommend the distribution of any dividends.

Likely future business developments

The directors consider that the period-end financial position was satisfactory. By the time of issue of this report, the development of the projects forming part of the CF Estates group progressed steadily.

Directors

The following have served as directors of the company during the period under review:

Francis Agius
Stephen Muscat
Joseph Portelli
Peter Portelli
Mario Vella

Statement of directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or loss of the Company for that period in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Preparation of the Interim Financial Statements

This report is being published in terms of the Listing Rule 5.75 of the Listing Rules issued by the Listing Authority, and has been prepared in accordance with the applicable listing Rules and International Accounting Standard 34 - Interim Financial Reporting. This half-yearly report comprises the reviewed (but not audited) interim financial statements. These financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative Statement of Financial Position had been extracted from the unaudited financial statements for the period ended 31 December 2022. No comparative information for the income and cash flow statement is given since the company was formed on 26 July 2022.

Going concern statement

After making enquires, the directors, at the time of approving the financial statements, have determined that it is reasonable to assume that the Company has adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

CF Estates Finance p.l.c.
Interim financial statements
For the period 1 January to 30 June 2023

5

Signed on behalf of the Board of Directors on 29 August 2023 by Mr Francis Agius (Director) and Mr Joseph Portelli (Director).



Mr Francis Agius
Director



Mr Joseph Portelli
Director

Registered address:
CF Business Centre, Level 1,
Triq Gort, Paceville,
St Julians, STJ 9023
Malta

29 August 2023

Statement of comprehensive income

		1 January to 30 June 2023 (unaudited)
	Notes	€
Finance income	5	866,142
Finance cost	6	(830,503)
Net finance income		<u>35,639</u>
Administrative expenses		(41,128)
Operating loss	7	<u>(5,489)</u>
Loss before taxation		(5,489)
Tax expense		-
Loss for the period		<u>(5,489)</u>
Total comprehensive loss for the period		<u>(5,489)</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

Statement of financial position

	Notes	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Assets			
Non-current			
Loan receivable	8	29,295,000	3,500,000
Total non-current assets		29,295,000	3,500,000
Current			
Receivables	9	940,736	179,594
Cash and cash equivalents	10	164,402	21,780
Total current assets		1,105,138	201,374
Total assets		30,400,138	3,701,374

Statement of financial position (continued)

	Notes	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Equity			
Share capital	11	250,000	250,000
Deficit		(87,582)	(82,093)
Total equity		162,418	167,907
Liabilities			
Non-current			
Borrowings	12	29,411,342	-
Total non-current liabilities		29,411,342	-
Current			
Borrowings	12	-	3,383,960
Payables	13	826,378	149,507
Total current liabilities		826,378	3,533,467
Total liabilities		30,237,720	3,533,467
Total equity and liabilities		30,400,138	3,701,374

The notes on pages 11 to 21 form an integral part of these financial statements.

The financial statements on pages 6 to 21 were approved and authorised for issue by the Board of Directors on 29 August 2023 and signed by Mr Francis Agius (Director) and Mr Joseph Portelli (Director).

Mr Francis Agius
Director

Mr Joseph Portelli
Director

Statement of changes in equity

	Share capital	Deficit	Total equity
	€	€	€
Balance at 1 January 2023	250,000	(82,093)	167,907
Comprehensive income for the period			
<i>Loss for the period</i>	-	(5,489)	(5,489)
Balance at 30 June 2023	250,000	(87,582)	162,418
Balance at 26 July 2022	-	-	-
<i>Issuance of share capital</i>	250,000	-	250,000
Comprehensive income for the period			
<i>Loss for the period</i>	-	(82,093)	(82,093)
Balance at 31 December 2022	250,000	(82,093)	167,907

The notes on pages 11 to 21 form an integral part of these financial statements.

Statement of cash flows

	Notes	1 January to 30 June 2023 (unaudited)
		€
Cash flows from operating activities		
Loss for the period		(5,489)
<i>Adjustments for:</i>		
Finance cost		830,503
Finance income		(866,142)
Operating loss before working capital changes		(41,128)
<i>Working capital changes:</i>		
Movement in receivables		105,000
Movement in payables		(122,650)
Net cash flows used in operating activities		(58,778)
Cash flows from investing activities		
Loan advanced to parent company		(25,795,000)
Net cash flows used in investing activities		(25,795,000)
Cash flows from financing activities		
Issuance of share capital		-
Proceeds from secured note issue		26,500,000
Payments related to secured note issue		(503,600)
Net cash generated from financing activities		25,996,400
Net movement in cash and cash equivalents		142,622
Cash and cash equivalents at beginning of year		21,780
Cash and cash equivalents at end of the year	10	164,402

The notes on pages 11 to 21 form an integral part of these financial statements.

Notes to the financial statements

1 Nature of operations

The principal activity of the Company is to act as a finance vehicle to the Parent Company, namely CF Estates Ltd. (the “Parent” and the “Guarantor”), which company owns all the shares but one of the issued and paid up capital of the company.

2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

CF Estates Finance p.l.c., a limited liability company, is incorporated and domiciled in Malta. The address of the Company’s registered office, which is also its principal place of business, is CF Business Centre, Triq Gort, Paceville, St Julians, STJ 9023, Malta.

The interim financial statements as at end of 30 June 2023 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, “Interim Financial Reporting”).

The financial statements are presented in euro (€), which is also the Company’s functional currency. The amounts presented in the financial statements have been rounded to the nearest euro.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the company’s financial results or position. Accordingly, the Company has made no changes to its accounting policies in 2023.

Other standards and amendments that are effective for the first time in 2023 and could be applicable to the Company are:

- IFRS 17 Insurance Contracts – the Company do not have any contracts that meet the definition of insurance contracts as set out in IFRS 17
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)

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

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these interim financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the International Accounting Standards Board (IASB). None of these standards or amendments to existing standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company’s interim financial statements.

4 Summary of significant accounting policies

4.1 Overall considerations and presentation of interim financial statements

The interim financial statements have been prepared using the significant accounting policies and measurement bases summarised below and in the succeeding pages.

The accounting policies have been consistently applied by the Company.

4.2 Income and expense recognition

Dividend income from investments is recognised at the time to receive payment is established.

Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.3 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

4.4 Financial instruments

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

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

Financial assets are classified into the following categories:

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

The Company does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in the income statement are presented within 'finance costs', 'finance income' or 'other financial items'.

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and most receivables fall into this category of financial instruments.

Impairment of financial assets

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

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

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

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

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

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

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

Classification and measurement of financial liabilities

The Company's financial liabilities include payables and borrowings.

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

4.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits at call with financial institutions, other short-term liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.6 Income taxes

Tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

In addition, tax losses available to be carried forward are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised directly in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.7 Equity

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

Retained earnings include the current and prior year results as disclosed in the income statement less dividend distributions.

Dividend distributions payable to equity shareholders are included with short-term financial liabilities when the dividends are approved in the general meeting prior to the end of the reporting period.

All transactions with owners are recorded separately within equity.

4.8 Provisions and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties with the

present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term obligations are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting period and adjusted to reflect the current best estimate of the management.

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

5 Finance income

	1 January to 30 June 2023 (unaudited) €
Interest receivable on Parent company loans	<u>866,142</u>

6 Finance costs

	1 January to 30 June 2023 (unaudited) €
Interest payable on borrowings	799,521
Amortisation of bond issue cost	<u>30,982</u>
	<u>830,503</u>

7 Operating loss

The loss before tax is stated after charging the following:

	1 January to 30 June 2023 (unaudited) €
Directors' remuneration	<u>36,000</u>

7.1 Employee information

The Company did not have any persons employed with it during the accounting year.

8 Loan receivable

	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Non-current:		
Loan advanced to Parent company I	<u>29,295,000</u>	<u>3,500,000</u>

8.1 Loan I amounting to € 29,295,000 is subject to an annual interest rate of 6% payable on the repayment date.

8.2 The carrying value of loans advanced classified as interest bearing receivables and measured at amortised cost, approximates the fair value.

8.3 No provision for expected credit losses was made in the interim financial statements as all loans are secured over immovable property held by the Guarantor, CF Estates Ltd. and the related companies, CF Business Centre (formerly named Haven Business Centre Ltd), Mistral Hotel Ltd, Ratcon Ltd, CF Developers Ltd and CF Hotels Ltd. The directors are not expecting the existence of probability of default and loss default and will continue to assess in the future periods.

9 Receivables

	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Accrued interest on loans receivable from Parent company	824,336	63,194
Amounts due from Parent company	116,400	116,400
	<u>940,736</u>	<u>179,594</u>

9.1 The accrued interest on loans receivable due from the Guarantor and Parent company are due for payment on the anniversary of the date when the loans were advanced by the Company, with terms and conditions listed in the Offering Memorandum.

9.2 The amount due from the Parent company is unsecured, interest-free and repayable on demand.

9.3 The Company's exposure to credit risk related to other receivables is disclosed in Note 16.1. No provision for expected credit losses was considered necessary on the above balance due from the Parent company, as the Parent company is acting as Guarantor and is financially solid. The directors are not expecting the existence of probability of default and loss default and will continue to assess in the future periods.

10 Cash and cash equivalents

Cash and cash equivalents include the following component:

	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Cash at bank	164,402	21,780
Cash and cash equivalents	<u>164,402</u>	<u>21,780</u>

11 Share capital

The share capital of CF Estates Finance p.l.c. consists of ordinary A and B shares with a par value of € 1 each. The ordinary 'A' shares shall be entitled to one (1) vote at the general meeting for every share owned, to dividends distributed by the Company and to any surplus assets of the Company upon liquidation. The ordinary 'B' share shall not be entitled to vote at the general meeting, shall not be entitled to any dividends distributed by the Company and shall not be entitled to any surplus assets of the Company upon liquidation.

	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Shares authorised, issued and fully paid at 31 December		
249,999 ordinary A shares of € 1 each	249,999	249,999
1 ordinary B share of € 1 each	1	1
	<u>250,000</u>	<u>250,000</u>

12 Borrowings

	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Non-Current:		
5% Secured Bonds 2028-2033	<u>30,000,000</u>	-
Gross amount of bond issue costs	(619,640)	-
Amortisation charge for the period	30,982	-
Unamortised bond issue costs	<u>(588,658)</u>	-
Amortised cost and closing carrying amount	<u>29,411,342</u>	-
Current:		
6.5% Loan Notes 2022-2023 (face value)	-	<u>3,500,000</u>
Gross amount of bond issue costs	-	(116,040)
Amortisation charge for the period	-	-
Unamortised bond issue costs	-	<u>(116,040)</u>
Amortised cost and closing carrying amount	-	<u>3,383,960</u>

On 22 August 2022, the Company issued €3,500,000 Secured Notes which matured in 2023. These Secured Notes were issued at a nominal value of €100 per note and at a redemption value of €103 per note. The secured notes were repaid using the bonds proceed.

In accordance with the provisions of the Offering Memorandum dated 22 August 2022, the net proceeds from the note issue have been advanced by way of a loan facility to the Guarantor and Parent company, for the purpose of finance part of the development costs in respect of the real estate developments undertaken by one of its subsidiaries, CF Developers Ltd, and for the general corporate funding purposes of the Group and paid during 2023.

On 30 November 2022, the Company issued € 30,000,000 5% Secured Bonds maturing in 2033. These Secured Bonds were issued at a nominal value of € 100 per bond.

In accordance with the provisions of the Offering Memorandum dated 30 November 2022, the net proceeds

from the bond issue have been advanced by way of a loan facility to the Guarantor and Parent company, for the purpose of refinancing existing bank loans and to finance part of the development costs in respect of the real estate developments undertaken by one of its subsidiaries, CF Developers Ltd, and for the general corporate funding purposes of the Group.

13 Payables

	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Accrued interest on borrowings	723,288	28,767
Accrued expenses	4,850	22,500
Amount due to related party	98,240	98,240
	826,378	149,507

13.1 The carrying value of payables classified as financial liabilities measured at amortised cost approximates fair value.

13.2 The amount due to the related party is unsecured, interest-free and repayable on demand.

14 Dividends

No dividends were recommended or paid during the period under review.

15 Related party transactions

The Company's related parties include the shareholders, the parent company and its subsidiary companies. In addition, related parties also include its key management personnel, ultimate beneficial owners and other companies under common control.

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantees were given or received. Transactions with related parties are generally effected on a cost-plus basis. Outstanding balances are usually settled in cash.

The Company is a subsidiary of CF Estates Ltd. (the "Parent Company") whose registered office is at CF Business Centre, Triq Gort, Paceville, St Julians, Malta.

CF Estates Ltd. is in turn fully owned by Mr Joseph Portelli, Mr Francis Agius, Mr Clifton Cassar, Mr Duncan Micallef and Mr Stephen Falzon.

The balances due from and to the related parties are disclosed in notes 9 and 13.

16 Risk management objectives and policies

The Company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from both its operating, investing and financing activities. The Company's risk management is coordinated by the directors and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial risks.

The Company does not actively engage in the trading of financial assets for speculative purposes, nor does it write options.

The most significant financial risks to which the Company is exposed are described below. See also note 16.4 for a summary of the Company's financial assets and liabilities by category.

16.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables, placing deposits, etc.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Notes	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Classes of financial assets – carrying amounts			
Financial assets at amortised cost:			
- Loan receivable	8	29,295,000	3,500,000
- Receivables	9	940,736	179,594
- Cash and cash equivalents	10	164,402	21,780
		30,400,138	3,701,374

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Credit risk with respect to receivables is internally contained as the receivable is due from the Parent Company, considered a creditworthy counterparty, having no past default experience. In view of this, management considers that the receivable is fully recoverable and not impaired.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. Although the Company's financial assets are not secured by any collateral or other credit enhancements, the bond issued to the public by the Company is fully secured by the immovable property of the Guarantor.

The credit risk for liquid funds is considered negligible since the counterparty is a reputable bank with high quality external credit ratings.

16.2 Liquidity risk

The Company's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise payables and borrowings (see notes 12 and 13). Prudent liquidity risk management includes maintaining sufficient cash and by monitoring the availability of an adequate amount of funding from its related companies to meet the company's obligations when they become due.

16.3 Market risk

Foreign currency risk

The Company transacts business mainly in Euro and had no foreign currency denominated financial assets and liabilities at the end of the financial reporting period under review. Consequently, the Company is not exposed to foreign currency risk.

16.4 Categories of financial assets and financial liabilities

The carrying amounts of the Company's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.4 for explanations about how the category of financial instruments affects their subsequent measurement.

	30 June 2023 (unaudited) €	31 December 2022 (unaudited) €
Current assets		
Financial assets at amortised cost:		
- Loan receivable	29,295,000	3,500,000
- Receivables	940,736	179,594
- Cash and cash equivalents	164,402	21,780
	30,400,138	3,701,374
Non-current liabilities		
Financial liabilities measured at amortised cost:		
- Borrowings	29,411,342	-
	29,411,342	-
Current liabilities		
Financial liabilities measured at amortised cost:		
- Borrowings	-	3,383,960
- Payables	826,378	149,507
	826,378	3,533,467

17 Capital management policies and procedures

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by maintaining an optimal capital structure to reduce the cost of capital.

The Company is not subject to any externally imposed capital requirements.

The capital structure of the Company consists of items presented within equity in the statement of financial position. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

18 Post-reporting date events

The directors have evaluated other subsequent events since 30 June 2023 up to the date of approval of these financial statements and concluded that these were no subsequent events which require disclosure in the financial statements.

Statement Pursuant to Listing Rules 5.75.3 issued by the Listing Authority for the period 1 January to 30 June 2023

We confirm that to the best of our knowledge:

- a) the interim financial statements give a true and fair view of the financial position of CF Estates Finance p.l.c. (the “Company”) as at 30 June 2022, and the financial performance and cash flows of the company and the Company for the half year then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and
- b) the interim Directors’ report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Approved by the Board of Directors on 29 August 2023 and signed signed by Mr Francis Agius (Director) and Mr Joseph Portelli (Director).



Mr Francis Agius
Director



Mr Joseph Portelli
Director

Registered address:
CF Business Centre, Level 1,
Triq Gort, Paceville,
St Julians, STJ 9023
Malta

29 August 2023

Report on review of interim financial information

To the Board of Directors of CF Estates Finance p.l.c.

Introduction

We have reviewed the accompanying statement of financial position of CF Estates Finance p.l.c for the period ended 30 June 2023 and the related profit or loss account, statement of changes in equity, statement of cash flows for the period then ended, and selected explanatory notes (the “interim financial information”). The Directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of CF Estates Finance p.l.c. as at 30 June 2023 and of its financial performance and cash flows for the period then ended in accordance with International Accounting Standard 34 – Interim financial reporting.



Mark Bugeja (Partner) for and on behalf of
GRANT THORNTON

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

29 August 2023