CF Estates Finance p.l.c.

Report & Financial Statements

For the period 26 July 2022 to 31 December 2023

Company registration number: C 102839

Contents

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

Registered office

CF Business Centre, Level 1
Triq Gort, Paceville
San Giljan, 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

Auditor

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

Directors' report

The directors present herewith their annual report together with the audited financial statements of CF Estates Finance p.l.c. (the "Company") for the period 26 July 2022 to 31 December 2023. The directors have prepared the report in accordance with Article 177 of the Companies Act, Cap. 386 including the further provisions as set out in the Sixth Schedule to the Act.

Principal activities

The principal activities of the Company consist in 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, Mistral Hotel Ltd, Ratcon Ltd, Finish Furnish Limited, CF Homes Ltd, CF Hotels Ltd, CF Contracting Ltd and CF Leisure Ltd.

On 22 August 2022, the Company issued € 3,500,000 6.50% Secured Notes at a nominal value of €100 per note. On 6 January 2023, the Company issued € 30,000,000 5% Secured Bonds maturing in 2033 at a nominal value of € 100 per bond. The bond was admitted to the official list of the Malta Stock Exchange with effect from 13 January 2023 and trading in the Bonds commenced on 16 January 2023. Part of the proceeds were utilised to redeem the debentures on 30 January 2023.

In accordance with the provisions of the Prospectus dated 28 November 2022, the proceeds from the bond issue have been advanced by way of a loan facility to the Guarantor and Parent Company, for the purpose of financing part of the development costs in respect of the real estate developments undertaken by one of its subsidiaries, CF Homes Ltd, refinancing existing bank loans of the hotels undertaken by two of its subsidiaries, Ratcon Ltd and Mistral Hotel Ltd, refinancing of existing bank loans pertaining to the office block owned by another subsidiary CF Business Centre Ltd, and for general corporate funding purposes of the Group.

Review of business

During the year under review, interest income on loans receivable from the Parent Company amounted to € 1,779,352. After accounting for interest payable on the Company's borrowings and administrative costs, the Company registered a loss after taxation amounting to € 93,268. 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 public Bonds, as well as in future years, in paying back the principal on maturity of the loans, which proceeds will be used to repay the Bonds to the bondholders. The Guarantor offers the maximum support to the Company through the strength of its statement of financial position. The Company's statement of financial position is primarily made up of the bond issue and corresponding loan to the Guarantor amounting to € 29,295,000. The company's equity as at the end of the financial year amounted to € 156,732.

Group companies

As at 31 December 2023, the Company is a subsidiary of CF Estates Ltd. (the "Parent Company" and the "Guarantor") and which company also held CF Business Centre Ltd, Mistral Hotel Ltd, Ratcon Ltd, Finish Furnish Limited, CF Homes Ltd, CF Hotels Ltd, CF Contracting Ltd and CF Leisure Ltd, as other fully owned subsidiaries.

Results

The results for the period and the movement on the reserves are as set out on pages 10 and 13 of the financial statements, respectively. No dividends were recommended or paid during the year.

Directors

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

Francis Agius
Stephen Muscat
Joseph Portelli
Peter Portelli
Mario Vella

In accordance with the Company's Articles of Association, the directors at date of this report offer themselves for re-election.

Guarantor and Group's performance for 2023 and prospects for 2024

On 6 January 2023, the Company issued € 30,000,000 5% Secured Bonds redeemable in 2033. The funds were used to finance part of the development costs in respect of the real estate developments undertaken by one of its subsidiaries, CF Homes Ltd, refinancing existing bank loans of the hotels undertaken by two of its subsidiaries, Ratcon Ltd and Mistral Hotel Ltd, refinancing of existing bank loans pertaining to the office block owned by another subsidiary CF Business Centre Ltd, and for general corporate funding purposes of the Group.

Hospitality

During the period under review, the hotel owned by the one of the subsidiary company, Mistral Hotel Ltd started operating. One of the other two hotels owned by another subsidiary company, Ratcon Ltd, started operating during the first quarter of 2024, while the other hotel is expected to start operating in the second quarter of the same year.

Property Development

Property development during the period under review continued at a steady pace. All the projects which benefited from use of Bond proceeds are still ongoing.

Operations

CF Business Centre Ltd welcomed its first tenants in 2022. During the year under review, CF Business Centre Ltd was fully occupied and results were as projected.

The Group is also involved in the retail business of import and sales of tiles, bathrooms, and furniture through Finish Furnish Limited. In view of the results of Finish Furnish Limited for the year under review, the directors will be assessing it's operations in view of improving the results.

In order to expand and diversify the Group's operations, the Guarantor set up a new subsidiary company, CF Leisure Ltd, with the intention to operate an entertainment arena within the Mercury Tower Project, through rental agreement signed with Mercury Commercial Mall Ltd. The entertainment arena started operating on 15 February 2024.

Post-reporting date events

On 6 January 2024, the first interest payment to bondholders was remitted.

The directors have evaluated other subsequent events since 31 December 2023 up to the date of approval of these financial statements and concluded that there were no other subsequent events which require disclosure in the financial statements.

Disclosure of information to the auditor

At the date of making this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of directors' responsibilities

The Companies Act, Cap. 386 requires the directors 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.

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 enacted in Malta. 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.

Statement of responsibility pursuant to the Listing Rules issued by the Listing Authority

The directors confirm that, to the best of their knowledge:

- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance and the cash flows for the period 26 July 2022 to 31 December 2023 in accordance with International Financial Reporting Standards as adopted by the EU; and
- The Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with its principal risks and uncertainties that the Company and the Guarantor face.

Going concern statement pursuant to Capital Markets Rule 5.62

After making enquires, the directors, 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.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office. A proposal to reappoint Grant Thornton as auditor of the Company will be put to the General Meeting.

Francis Agius
Director

Joseph Portelli
Director

Registered address:
CF Business Centre, Level 1
Triq Gort, Paceville
San Giljan, STJ 9023
Malta

19 April 2024

Corporate governance - statement of compliance

Pursuant to Capital Markets Rules 5.94 and 5.97 issued by the Malta Financial Services Authority (the "Rules"), CF Estates Finance p.l.c. (the "Company") should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Rules (the "Code"), and accordingly, is hereby reporting on the extent of its adoption of the Code for the period 26 July 2022 to 31 December 2023.

The Company became subject to the Rules when its bonds were admitted to listing and subsequent trading on the Malta Stock Exchange, accordingly, this report covers the year commencing 13 January 2023 up to and including the 31 December 2023.

The Company acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended in the Code is in the best interests of the Company, its shareholders, bondholders and other stakeholders, and that compliance with the Code, is not only expected by investors but also evidences the directors' and the Company's commitment to maintaining a high standard of good governance.

The Company has only issued debt securities which have been admitted to trading on the Malta Stock Exchange, and accordingly, in terms of Rule 5.101, is exempt from reporting on the matters prescribed in Rules 5.97.1 to 5.97.3, 5.97.6 and 5.97.7 in this corporate governance statement (the "Statement"). It is in the light of this exemption afforded to the Company by virtue of Rule 5.101, that the directors of the Company are herein reporting on the corporate governance of the Company.

The Company confirms that it has complied with all applicable provisions of the Capital Markets Rules 5.94 and 5.97 during the period 13 January 2023 to 31 December 2023, in accordance with the following:

The Board

The Board is responsible for setting the Company's strategy and overseeing the Company's financial statements and annual report. The Board carries out these duties in a way that ensures effective supervision of the Company's operations and protects the interests of stakeholders, including Bondholders. During the financial year under review, the directors have provided strong leadership in the direction of the Company and fulfilled their responsibilities with honesty, competence, and integrity. Individually and collectively, the directors possess the necessary skills and experience to contribute effectively to the Company's decision-making processes and the implementation of its strategy and policies. The Board is well-informed of the statutory and regulatory requirements relevant to the Company's business. The Board is accountable to shareholders and other stakeholders for its own performance and that of its delegates.

The executive directors allows the Board to be given direct information regarding the Company's performance and business activities.

The Company's Chairperson and Chief Executive Officer (CEO)

The Company does not have any employees or a CEO. The Chairman and one Board member are executive directors of the Parent Company and other wholly owned subsidiaries.

Board composition

The Board of Directors (the "Board") is comprised of three (3) non-executive directors and two (2) executive directors, which is within the maximum limit of seven (7) permitted by the Company's Memorandum of Association. All the non-executive directors are independent from the Company. The Board has the responsibility for the Group's overall long-term strategy, as well as the general policies of the Company. The Board is also responsible for monitoring the Company's control systems and financial reporting, and communicating effectively with the market when necessary. The appointment procedures for directors are clearly outlined in the Company's Articles of Association.

Board responsibilities

The Board recognises its legal obligation to manage and administer the Company. In fulfilling this obligation and acting as stewards of the Company, the Board takes responsibility for the Company's strategies and decisions regarding the issuance, servicing, and redemption of its outstanding bonds, as well as ensuring that its operations comply with its commitments to bondholders, shareholders, and all applicable laws and regulations. The Board is also accountable for ensuring that the Company establishes and implements efficient internal control and management information systems, as well as effective communication with the market.

Board meetings

The directors convene on a regular basis to evaluate the Company's financial performance and overall strategy. The company secretary provides notice of the meetings to the Board members, along with an agenda circulated in advance of the meeting. During the Board meetings, minutes are produced to record attendance, and any resolutions passed. The Chairman guarantees that all relevant issues are included in the agenda, supported by all available information, and encourages the presentation of views related to the matter at hand. All directors are given the opportunity to contribute to the relevant issues on the agenda. The agenda for the meeting strives to achieve a balance between addressing long-term strategic goals and short-term performance issues.

Information and Professional Development

The Board ensures that each director is informed about the Company's continuous obligations in accordance with the Companies Act, Cap. 386 and the Rules. To facilitate this, the company secretary, who is responsible for maintaining compliance with Board procedures and promoting effective communication within the Board and the Audit Committee, and the Corporate Advisor, who is responsible for ensuring compliance with the Company's ongoing obligations as set out in the Rules, provide guidance and assistance to the directors.

Committees

The Board established an Audit Committee that has the role of overseeing the Board's professional growth, assessing its performance, and handling conflicts of interest. In addition, conflicts of interest are managed according to the provisions of the Company's Articles of Association.

Relations with bondholders and the market

The Company's Annual General Meeting is responsible for proposing and approving various matters in accordance with the Act, such as the Annual Report and Financial Statements, the election of directors and approval of their fees, the appointment of auditors, and authorization of their fees, as well as other special business. In compliance with the Rules, the Company made several announcements during the financial year under review to keep bondholders and the market informed.

Conflicts of interest

It is the duty of the directors to always act in the best interest of the Company and its shareholders and investors. In the event of any actual, potential, or perceived conflict of interest, the director must declare it immediately to the other Board members and the Audit Committee, who will determine if such a conflict exists. The Audit Committee is responsible for ensuring that any potential conflicts of interest are resolved in the best interests of the Company. The directors are regularly reminded of their obligations with regards to dealing in securities of the Company within the parameters of the law and subsidiary legislation and Rules. During the financial period in review, the directors disclosed any private interests or duties that were unrelated to the Company. It has been ensured that these do not create any conflicts of interests or duties towards the Company.

Corporate Social Responsibility

The Company aims to follow ethical principles in its management practices and is dedicated to improving the well-being of all stakeholders of the Company through Corporate Social Responsibility. The Board acknowledges its accountability to the community and the environment in which it operates. The Company also recognises the importance of preserving the environment and consistently revises its policies to promote environmental stewardship, social responsibility, and accountability.

Non-compliance with the Code

Evaluation of the Board's Performance

The Code suggests the appointment of a committee led by a non-executive director to evaluate the performance of the Board. However, the Board does not view it as essential to establish such a committee, as the performance of the Board is continuously monitored by the Company's shareholder.

Remuneration Committee

The Code advises that the Board should create a policy for the remuneration of directors and senior executives, as well as formal and transparent procedures for developing the policy and setting individual remuneration packages. However, based on the size and nature of the Company's operations, the Board does not see the need for a separate remuneration committee. Instead, the Board assumes the responsibilities of the remuneration committee outlined in Principle Eight A of the Code, as the remuneration of directors is not based on performance.

The shareholders in a general meeting have the authority to approve the maximum annual aggregate emoluments that can be paid to the Directors, in accordance with the Company's Memorandum and Articles of Association.

The remuneration paid to directors is a fixed amount per annum and does not comprise any variable component linked to profit sharing, share options, or pension benefits.

Nomination Committee

The Code suggests that a formal and transparent procedure should be in place for the appointment of new Directors to the Board, which ensures sufficient information on the candidates' personal and professional qualifications. However, considering the Company's size and nature of operations, the Board believes that a nomination committee is not required.

Institutional Shareholders

The Company does not have any institutional shareholders.

Francis Agius
Director

Joseph Portelli
Director

Income statement

	Notes	2023 (17 months) €
Finance income	5	**1,779,352**
Finance cost	6	(1,573,635)
Net finance income		**205,717**
Administrative expenses		(226,526)
Other expense		(37,589)
Loss before tax	7	**(58,398)**
Tax expense	9	(34,870)
Loss for the period		**(93,268)**

The notes on pages 15 to 26 form an integral part of these financial statements.

Statement of financial position

	Notes	2023
		€
Assets		
Non-current		
Loan receivable	10	29,295,000
		29,295,000
Current		
Receivables	11	1,815,944
Cash and cash equivalents	12	1,507,488
		3,323,432
Total assets		**32,618,432**

Statement of financial position - continued

	Notes	2023
		€
Equity		
Share capital	13	250,000
Accumulated losses		(93,268)
Total equity		**156,732**
Liabilities		
Non-current		
Borrowings	14	29,442,324
		29,442,324
Current		
Payables	15	3,019,376
		3,019,376
Total liabilities		**32,461,700**
Total equity and liabilities		**32,618,432**

The notes on pages 15 to 26 form an integral part of these financial statements.

The financial statements on pages 10 to 26 were approved by the board of directors, authorised for issue on 19 April 2024.

Francis Agius
Director

Joseph Portelli
Director

Statement of changes in equity

	Share capital €	Accumulated losses €	Total equity €
Transaction with owners			
Issuance of share capital upon incorporation	250,000	-	250,000
Income for the period			
Loss for the period	-	(93,268)	(93,268)
At 31 December 2023	250,000	(93,268)	156,732

The notes on pages 15 to 26 form an integral part of these financial statements.

Statement of cash flows

	Notes	2023 (17 months) €
Cash flows from operating activities		
Loss before tax		(58,398)
Adjustments for:		
Finance income	5	(1,779,352)
Finance cost	6	1,573,635
Gain on extinguishment of loan receivable		(72,781)
Loss on early redemptions of secured notes - 2023		35,192
Operating loss before working capital changes		**(301,704)**
Working capital changes:		
Movement in receivables		36,189
Movement in payables		1,542,643
Net cash flows generated from operating activities		**1,277,128**
Cash flow from investing activity		
Loan advanced to parent company		(29,295,000)
Net cash flow used in investing activity		**(29,295,000)**
Cash flows from financing activities		
Issuance of share capital		250,000
Proceeds from issuance of secured notes – 2023		3,500,000
Redemption of secured notes – 2023		(3,605,000)
Proceeds from issuance of secured bonds – 2033		30,000,000
Payments of bond issue cost		(619,640)
Net cash generated from financing activities		**29,525,360**
Net movement in cash and cash equivalents		**1,507,488**
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	12	**1,507,488**

The notes on pages 15 to 26 form an integral part of these financial statements.

Notes to the financial statements

1 Nature of operations

The principal activity of CF Estates Finance p.l.c. (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, Mistral Hotel Ltd, Ratcon Ltd, Finish Furnish Limited, CF Homes Ltd, CF Hotels Ltd, CF Contracting Ltd and CF Leisure Ltd.

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

CF Estates Finance p.l.c., a public 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, Level 1, Triq Gort, Paceville, San Giljan, STJ 9023, Malta.

The financial statements of the Company have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap. 386.

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.

Standards and amendments that are effective for the first time in 2023 are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

These amendments do not have a significant impact on these 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 financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company.

Other standards and amendments that are not yet effective and have not been adopted early by the Company include:

• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
• Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
• Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
• Non-current Liabilities with Covenants (Amendments to IAS 1)
• Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

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 period have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4 Material accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the Company's material accounting policies below and in the succeeding pages are appropriate.

4.1 Overall considerations and presentation of financial statements

The financial statements have been prepared using the material accounting policies and measurement bases summarised below.

The accounting policies have been consistently applied by the Company.

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (Revised 2007). The Company did not have any items classified as 'other comprehensive income' and consequently, management has elected to present only an income statement.

4.2 Income and expense recognition

Finance income is recognised in the income statement on accrual basis.

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

4.4 Borrowing costs

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs are expensed in the period in which they are incurred and reported within 'finance costs'.

4.5 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).

4.6 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 period 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' or 'finance income'.

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 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 FVTPL.

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 (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. 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 FVTPL.

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 the income statement (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'.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash at banks and short-term highly liquid investments readily convertible to known amount of cash and subject to insignificant risk of changes in value.

4.8 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. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

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 the income statement, 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.

4.9 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 within current 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.

4.10 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

	2023 (17 months) €
Interest income on Parent Company loan	**1,779,352**

6 Finance costs

	2023 (17 months) €
Amortisation of bond issue cost	61,964
Interest payable on borrowings	1,511,671
	1,573,635

7 Loss before tax

The loss before tax is stated after charging the following:

	2023 (17 months) €
Auditor's remuneration	7,850
Directors' remuneration	94,500

8 Staff costs

8.1 Wages and salaries

Wages and salaries for the period consist of the following:

	2022 (17 months) €
Directors' remuneration	94,500
Salaries recharged from related parties	5,009
	99,509

8.2 Average number of employees

The average number of persons employed by the Company during the period was nil.

9 Tax expense

The relationship between the expected tax expense based on the effective tax rate of the Company at 35% and the actual tax expense recognised in the income statement can be reconciled as follows:

	2023
	€
Profit (loss) before tax	(58,398)
Tax rate	35%
Expected tax income	**20,439**
Adjustments for the tax effects of:	
Deferred tax not recognised	(55,309)
Actual tax expense, net - consideration for losses claimed	**(34,870)**

10 Loan receivable

	2023
	€
Non-current:	
Loan advanced to Parent Company	**29,295,000**

The loan advanced to Parent Company amounting to € 29,295,000 is subject to an annual interest rate of 6% which has no fixed date of repayment.

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

No provision for expected credit losses was made in the financial statements as all loans are secured over immovable property held by the Guarantor, CF Estates Ltd. and the related companies, CF Business Centre, Mistral Hotel Ltd, Ratcon Ltd, CF Homes Ltd and CF Hotels Ltd. The directors have therefore assessed that the probability of default and loss given default are non-existent.

11 Receivables

	2023
	€
Accrued interest on loans receivable from Parent Company	1,709,544
Amounts due from Parent Company	106,400
	1,815,944

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.

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

The Company's exposure to credit risk related to these receivables is disclosed in note 18.1. 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 have therefore assessed that the probability of default and loss default are non-existent.

12 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2023
	€
Cash at bank	7,488
Short-term investment	1,500,000
Cash and cash equivalents	**1,507,488**

The Company did not have any restrictions on its cash and cash equivalents at the reporting date.

13 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.

	2023
	€
Shares authorised, issued and fully paid at 31 December	
249,999 ordinary A shares of € 1 each	249,999
1 ordinary B share of € 1 each	1
	250,000

14 Borrowings

	2023
	€
Non-current:	
At 26 July	-
Secured notes – 2023	3,500,000
Secured bonds – 2033	30,000,000
Redemption of secured notes – 2023	(3,500,000)
Capitalisation of bond issue costs	(619,640)
Amortisation of bond issue costs for the period	61,964
At 31 December	**29,442,324**

On 22 August 2022, the Company issued € 3,500,000 Secured Notes maturing in 2023. These Secured Notes were issued at a nominal value of € 100 per note and at a redemption value of € 103 per note.

In accordance with the provisions of the Offering Memorandum dated 22 August 2022, the 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 Homes Ltd, and for the general corporate funding purposes of the Group.

On 6 January 2023, MFSA approved the issuance of a further € 30,000,000 Secured Bonds maturing in 2033 with a nominal value of € 100 per bond, issued at par, and with an annual interest of 5% per annum.

On 11 January 2023, the Company received the proceeds of the bonds amounting to € 25,996,261, net of sales commissions and other expenses paid in relation to issuance of bonds and early redemptions of the Secured Notes amounting to € 398,739 and € 3,605,000, respectively. The proceeds of the Bonds were used to provide a loan facility to the Guarantor and Parent Company (the "Issuer-Guarantor Loan").

In turn, the Issuer-Guarantor Loan will be used for the following purposes of the Group, in the amounts and order of priority set out below:

- Conversion of Existing Secured Notes into Bonds
- Re-financing of Relevant Bank Loans
- Re-financing of outstanding indebtedness under the loan agreement between the Issuer and the Guarantor dated 31 August 2022
- Development costs of the Hotels
- Development costs of certain residential projects
- General corporate funding

On 1 February 2023, the Company executed a loan termination agreement that the indebtedness of the Guarantor towards its Secured Notes above has been fully replaced by the indebtedness of €3,605,000 forming part of the Issuer-Guarantor Loan (as defined in the Bond Prospectus) granted by the Lender to the Borrower under the Deed of Hypothec out of the proceeds of the issue of the Listed Bonds and that the Borrower does not owe any further amounts to the Lender under the said Secured Notes Proceeds Loan Agreement.

15 Payables

	2023
	€
Accrued interest on borrowings	1,479,452
Amounts due to related parties	1,532,074
Accrued expenses	7,850
	3,019,376

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

The amounts due to related parties is unsecured, interest-free and is repayable on demand.

16 Dividends

No dividends were recommended or paid during the period. The directors do not recommend the distribution of any final dividends.

17 Related party disclosures

The Company's related parties include the shareholders, and 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 was 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, Level 1, Triq Gort, Paceville, San Giljan, STJ 9023, Malta.

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

Amounts due from and to related parties are disclosed in notes 10, 11 and 15. Transactions with related parties for the period are as follows:

	2023 (17 months) €
Salaries recharged from related parties	(5,009)
Management fees charged by the Parent Company	(18,954)
Interest income on Parent Company loan	1,779,352

18 Financial instrument risk

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 18.4 for a summary of the Company's financial assets and financial liabilities by category.

18.1 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:

	2023 €
Classes of financial assets – carrying amounts	
Financial assets at amortised cost:	
- Loan receivable	29,295,000
- Receivables	1,815,944
- Cash and cash equivalents	1,507,488
	32,618,432

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 Company's related parties with no past default experience and is considered a creditworthy counterparty. In view of this, management considers that the receivable from related parties 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. None of the Company's financial assets is secured by collateral or other credit enhancements.

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

18.2 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 15 and 14). 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.

18.3 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.

18.4 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 period under review may also be categorised as follows. See note 4.6 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2023 €
Current assets		
Financial assets at amortised cost:		
- Loan receivable	10	29,295,000
- Receivables	11	1,815,944
- Cash and cash equivalents	12	1,507,488
		32,618,432
Non-current liabilities		
Financial liabilities measured at amortised cost:		
- Borrowings	14	29,442,324
		29,442,324
Current liabilities		
Financial liabilities measured at amortised cost:		
- Payables	15	3,019,376
		3,019,376

19 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.

20 Post-reporting date events

On 6 January 2024, the first interest payment to bondholders was remitted.

The directors have evaluated events subsequent to 31 December 2023 up to the date of approval of these financial statements and concluded that there were no other subsequent events which require disclosure in the financial statements.

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Independent auditor's report

To the shareholders of CF Estates Finance p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CF Estates Finance p.l.c. (the company) set out on pages 10 to 26 which comprise the statement of financial position as at 31 December 2023, and the income statement, statement of changes in equity and statement of cash flows for period 26 July 2022 to 31 December 2023, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance and its cash flows for the period 26 July 2022 to 31 December 2023 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In conducting our audit, we have remained independent of the company and have not provided any of the non-audit services prohibited by article 18A of the Accountancy Profession Act, Cap. 281. We have also not provided any non-audit services to the company during the period 26 July 2022 to 31 December 2023.

Key audit matter

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

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Recoverability of loans advanced to parent company

Key audit matter

Loan receivable represents amounts advanced to the parent company, CF Estates Ltd. (CF Estates), amounting to € 29,295,000 as at 31 December 2023. The loan represents the most significant asset of the company and has arisen because of the principal reason for which the company was incorporated, to act as a financing company for CF Estates and its subsidiaries. The loan receivable was financed by the issue of bonds to the general public as disclosed in note 14 to the financial statements.

How the key audit matter was addressed in our audit

We have examined and agreed the balance and terms of the loan to the supporting loan agreement. We have also agreed the outstanding balance as at period-end with the parent company. The recoverability of the loan was ascertained by assessing the financial soundness of CF Estates, which is also the guarantor of the bonds issued by the company. To ascertain the recoverability of the loan, we referred to the latest available consolidated financial information of CF Estates, cash flow projections and forecasts.

On the basis of our work, we determined that management's assessment that the loan receivable is recoverable is reasonable.

Other information

The directors are responsible for the other information. The other information comprises (i) the Directors' report and (ii) Corporate governance – statement of compliance which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, including the Directors' report and Corporate governance – statement of compliance.

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.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Act.

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

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the company 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 and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and are properly prepared in accordance with the provisions of the 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.

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 ISA 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.

As part of an audit in accordance with the ISA, we exercise professional judgement and maintain professional scepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 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.

We communicate with those charged with governance 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not

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be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Reports on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act, Cap. 281 - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Report and Financial Statements of the company for the period 26 July 2022 to 31 December 2023, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Report and Financial Statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Report and Financial Statements, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the Report and Financial Statements, in accordance with the requirements of the ESEF RTS.
- Obtaining the Report and Financial Statements and performing validations to determine whether the Report and Financial Statements have been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Report and Financial Statements to determine whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.
- We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Report and Financial Statements for the period 26 July 2022 to 31 December 2023 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

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

The Capital Market Rules require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

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

We read the Statement of Compliance with the Code of Principles of Good Corporate Governance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the directors' statements on internal control included in the Statement of Compliance with the Code of Principles of Good Corporate Governance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate governance statement has been properly prepared in accordance with the requirements of the Capital Market Rules.

Other matters on which we are required to report by exception

We also have responsibilities

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

- in terms of Capital Market Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

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

Auditor tenure

We were first appointed as auditors of the company on its incorporation on 26 July 2022 and therefore this is the first period of appointment.

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

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

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19 April 2024