VON DER HEYDEN GROUP

TIMAN Investments Holdings Limited

Annual Report

and

Financial Statements

31 December 2021

Company Registration No.: C 63335

14 East, Level 8, Sliema Road, Gzira GZR1639, Malta

CONTENTS

DIRECTORS, OFFICERS AND OTHER INFORMATION

Registration	TIMAN Investments Holdings Limited is currently registered as a limited liability company in Malta under the Companies Act (Cap. 386) with registration number C 63335. Previously registered in the Netherlands as Timan Investments Holdings B.V. with a registration number 34117520 from 10 June 1999 until it was redomiciled in Malta on 31 December 2013.	
Directors	Sven von der Heyden Javier Errejon Sainz de la Maza Antonio Fenech	
Company Secretary	Nicholas Formosa (appointed on 15 March 2021) Tiana Vella (resigned on 15 March 2021)	
Registered office	14 East, Level 8 Sliema Road Gzira GZR1639 Malta	
Auditors	Ernst & Young Malta Limited Regional Business Centre Achille Ferris Street Msida MSD1751 Malta	
Bankers	Lombard Bank Malta plc 67, Republic Street Valletta VLT1117 Malta	UBS Switzerland AG Paradeplatz 6 Zurich CH-8001 Switzerland
	HSBC Bank Malta plc 116 Archbishop Street Valetta VLT1444 Malta	Finductive Ltd Level 2C, Centris Business Gateway II Triq is-Salib tal-Imriehel Zone 3, Central Business District Birkirkara CBD3020 Malta

DIRECTORS' REPORT

The directors submit their annual report and the financial statements for the year ended 31 December 2021.

Principal activity

TIMAN Investments Holdings Limited and its subsidiaries (collectively the "Group") are involved in real estate investments, property management, development and leasing, hospitality and tourism operations and hotel management across Europe including Germany, Italy, Malta, Poland, and Spain.

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

Results and dividends

The consolidated statement of comprehensive income is set out on page 11. During the year ended 31 December 2021, the Group and the Company did not declare any dividend (2020: Nil).

Review of the business

The longer-term effects of COVID-19 on the global economy especially the impact on the tourism sector due to the prolonged travel and quarantine restrictions, the disruption in logistics supplies and the impact of the increase in cost of living, and the cyclicality of the real estate industry made 2021 another challenging year. Notwithstanding, the Von der Heyden Group ("Group") managed to improve its EBITDA margin, generate positive cash flows from operating activities and increase investment levels while maintaining a strong liquidity position.

The Group managed to improve its adjusted EBITDA margin to 37.2% (2020: 32.1%) with an adjusted EBITDA of EUR 4,284,456 (2020: EUR 7,540,798), despite the decrease in overall revenue for the year due to the cyclical nature of the real estate industry. Adjusted EBITDA includes other gains and share of profits in associates as the directors believe that this adjusted EBITDA provides a fairer reflection of the Group's recurring and core activities, and which figure should not exclude the development of important and significant projects executed in partnership with other partners and also a new business venturing into the asset backed securities market.

	2021	2020
	€	€
Operating loss	**(2,843,426)**	(2,768,628)
Add: Depreciation and amortisation	**3,927,788**	4,850,339
Other gains (losses)	**1,791,096**	2,338,247
Share in profit of associates	**1,408,998**	3,120,840
Adjusted EBITDA	**4,284,456**	7,540,798

DIRECTORS' REPORT – continued

Review of the business - continued

The Group's revenue for the year amounted to EUR 11,518,975 (2020: EUR 23,505,636). The cyclicality of the real estate activity had a significant impact on the results for 2021 as revenues generated from the real estate segment decreased to EUR 251,440 (2020: EUR 12,255,267). With the completion and sale of the Bavaria Towers, the Group is presently in the development stage of another major office investment of 40,000 sqm in the city of Poznan, Poland, the Andersia Silver Project. In addition, it is developing three residential projects, one in Algarve Portugal, one in Tuscany, Italy and one in Rezevici, Montenegro. The revenues from this segment are expected to increase in the coming years as these projects near their successful completion and are placed on the market, repeating the trends of 2019 and 2020 with the sale of the Bavaria Towers.

In the Hotel Accommodation and Caterings segment, 2021 continued to be a year faced by restrictive measures imposed by Governments on travel, the introduction of obligatory vaccination certificates, quarantine measures and other. As pandemic numbers fluctuated, countries differed in the measures applied as they sought to achieve the desired effective heard immunity. Despite the continued operational challenges brought about by lower occupancy levels, the Hotel Group managed to continue to improve results and proving itself resilient by significantly limiting the cash flow burnout, through further cost controls, a continued restructuring process and in addition tapping into several support schemes offered by various Governments especially in Poland and Germany.

The Group continued to limit the impact of the pandemic on the results of the Hotel Accommodation and Catering segment, by improving the overall profitability of the Hotel Group despite the Group's inability to recover fully the losses in revenue from the pre-COVID-19 levels of 2019. In 2020, the IBB Hotel Group set out an ambitious restructuring process by repositioning its offering further into the four-star plus and the five-star segments while exiting the three-star segment that has proven significantly vulnerable in times of downturn. In 2020 the Group ceased operations of IBB Hotel in Passau City Centre, Germany and Hotel Salamanca, Spain. The Group in December 2019 had also sold hotel Paradis Blau in Menorca, Spain.

Revenue from the Hotel Accommodation segment improved by 11% over 2020 to EUR 7,269,136 (2020: EUR 6,525,526), also surpassing by 8% the forecasts for the year of EUR 6,729,607.

The Catering segment also saw significant improvements, with an increase of 25% in sales to EUR 2,234,564 (2020: 1,788,830).

Other operating income increased by 47% to EUR 4,738,882 (2020: EUR 3,222,490) and included an increase of EUR 2 million in Governments support schemes in Germany and Poland due to the COVID-19 pandemic and income from lease concessions and rebates of EUR 1,155,517 (2020: EUR 936,770).

Overall, the revenue from the petrol stations operations in Spain increased by 63% EUR 2,820,621 (2021: EUR 1,733,607). However, this activity is no longer consolidated, due to the change in accounting classification of this activity from subsidiary to associate in Q2 2021, following our partner's decision to exercise the option to acquire pre-allocated shares. The Group's shareholding has now been reduced to 50%. Therefore, only the revenues of Q1 amounting to EUR 494,522 were reflected in the consolidated revenues for 2021 as revenues and costs in the subsequent quarters were reflected in share in profits of associates.

Cost of sales saw a further reduction of 25% (2020:19%) to EUR 2,673,671 (2020: EUR 3,556,422). The reduction in costs was in line with the improvements projected by management and reported in the Financial Analysis Summary (FAS) for the year. The further reduction in costs was due to the efforts made by management and staff especially in the accommodation and catering segment to improve profitability.

DIRECTORS' REPORT – continued

Review of the business - continued

The Group saw a 40.7% reduction in administrative costs to EUR 12,499,824 (2020: 21,089,993). Staff costs net of directors' fees and remuneration saw a reduction of 10% to EUR 5,067,667 (2020: EUR 5,644,934). The reduction in staff costs of EUR 577,267 was of a structural nature as a result of the restructuring efforts carried out in 2020 in the Hotel Accommodation and Catering segment and carried forward into the future through the continued identification of efficiencies. The directors' fees for 2021 did not include any promote fees and hence the reduction. The reduction in administration costs including a reduction of EUR 1,496,168 to EUR 1,244,025 (2020: EUR 2,740,193) in legal and professional fees incurred in relation to the development of projects which as pre-construction fees are expensed in the year they are incurred.

During the year the Group reduced its interest and related expenses to EUR 3,107,397 (2020: EUR 3,915,520) due to overall debt reduction. Despite the ongoing challenges the Group was still able to generate sufficient inflows to service its debt interest, with an interest coverage ratio, based on the adjusted EBITDA, of 1.14x.

The net fair value gains of land and buildings for 2021 amounted to EUR 1,962,144 (2020: EUR 1,034,052 negative) and these related to the increase in value of assets in the Hotel portfolio and the commercial yacht. Fair value gains on investment property amounted to EUR 522,819 (2020: EUR 3,175,319) and related mainly to the development underway on the 40,000 sqm office space, the Andersia Silver Project, in the city of Poznan, Poland with an investment value of over EUR 110 million . The Group also saw an increase in value across all its real estate properties in the portfolio. During the year the Group also made a fair value gain of EUR 1,059,523 following the acquisition of the first credit block acquired on the Italian market (Note 17).

The Group results for 2021 showed a significant improvement in total comprehensive income from 2020 despite the loss for the year of EUR 159,710 (2020: EUR 3,830,459 loss). The Group managed a significant positive turnaround of EUR 3,670,749 , through the containment of staff costs, reduction in financing costs and the fair value gains. This is a significant achievement considering the challenging economic climate the Group was operating in. The directors believe that the Group has the ability to build on this momentum and turn the Group into profitability from 2022, or 2023 at the latest.

The Group has managed to retain a strong liquidity position, with cash and cash equivalents, trade receivables and other liquid financial assets amounting to EUR 31,405,734 (2020: EUR 34,761,651).

The increase in investment activities of the Group in the real estate segment, asset backed securities and other operations in 2021 saw the lowering of the cash position of the Group to EUR 17,124,904 (EUR 27,905,646). This is related to the strategy of the Group to improve cash turnaround to support growth, improved results and boost future returns.

Cash flow from operating activities in the year increased by EUR 3,201,030 to EUR 868,274 positive (2020: EUR 2,332,756 negative). Despite the lower cash levels due to the Group's deployment strategy into new investments, the Group maintained sufficient liquidity to meet short-term liabilities including the liabilities for leases under IFRS 16. Applying the cash ratio as a measurement of the Group's liquidity, (total cash and cash equivalents, including marketable securities to its current liabilities) the Group has a cash ratio of 1.26x. This demonstrates that the Group has the ability to meet he liquidity requirements of its short-term liabilities.

As a confirmation of the Group's liquidity position also applying the quick ratio the Group has the ability to meet its short-term obligations including leases under IFRS 16 with its most liquid assets including trade receivables, with an improved ratio of 2.07x (2020: 2.17x).

The gearing ratio, taking a conservative approach and including all liabilities including lease liabilities under IFRS16 and trade payables (total net liabilities / total assets) increased to 56.54% from 48.95% in 2021, however still maintaining a very healthy position. The higher gearing ratio was not due to the increase of interest bearing short and long-term debt but mainly due to the redeployment of cash towards new investments.

DIRECTORS' REPORT – continued

Review of the business - continued

The Group's total debt ratio, excluding leases and right of use assets under IFRS 16, amounted to 0.48x (2020: 0.45x) highlighting that less than half the assets of the Group are financed through debt. This is coupled with a stable debt to equity ratio of 1.19x, meaning that almost all the Group's debt is covered by the equity portion.

The gearing position of TIMAN Investments Holdings Limited as the Guarantor of the Bond issued by Von der Heyden Group Finance plc on a stand-alone basis is of 9.46%, which underlines an even higher level of stability. It is the policy of the Group not to cross collateralise debt within the Group or provide for material corporate guarantees by the holding company to secure any debt for any subsidiary or associate undertaking except for the bond issued by Von der Heyden Group Finance plc. Also, the holding company has no direct debt financing facilities and all financing arrangement at subsidiary levels are ring-fenced at the borrowing company level.

In 2021 the Group closed the year with a positive total working capital position of EUR 14,409,829 (2020: EUR 17,812,552). This was primarily due the Group's acquisition of an asset-backed security for €6,000,000 the fair value of which at initial recognition was equal to €7,059,523.

The Group's total assets on 31 December 2021 amounted to EUR 133,518,232 (2020: EUR 134,955,933) reflective of the challenges faced by the Group due to the ongoing market conditions, particularly the cyclicality of the real estate industry and being presently in the investment deployment phase.

Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. Refer to Note 28 in these financial statements.

Future developments

The Group looks forward for 2022 with reinvigorated optimism despite the ongoing challenges brought about by inflationary pressures, the war in Ukraine, the remaining Covid restrictions and other external pressures.

<u>Real estate developments, investments, and services</u>

Real estate developments, investments, and services remains the core business of the Group and maintaining a solid pipeline of projects remains the cornerstone for the success of the Group. The Group has a legacy and a reputation of being able to deliver major high-quality developments as the trusted lead partner that generate significant returns. The Andersia Silver project will be the flagship project of the Group for the coming 3 years. The 40,000 sqm office tower in the financial centre of the city of Poznan, Poland, is projected to have an investment value of over EUR 110 million. The underground works have been completed, and the Group has managed to secure bank financing from a consortium of three banks to finance the construction and completion of the project, that is expected to be completed by the end of 2024.

The Group is also involved in three residential projects: the Atrium Liberdade Residences in Algarve, Portugal, the Reževići Project in Montenegro and an investment in the renovation of two luxury Villas one in Tuscany, Italy and another in Menorca, Spain.

The Group is also looking at securing the acquisition of a hotel property in Tuscany of which in 2021 the Group acquired the credit block that carries the first ranking privileged and hypothec on the asset owned by a company in default. The Group is executing the process for the property's repossession as part of its opportunistic asset acquisition strategy.

DIRECTORS' REPORT – continued

Future developments - continued

Accommodation and catering

Within the accommodation segment the Group is looking at 2022 as the year when the Group starts recovering and reaching pre-COVID-19 occupancy levels for the retained hotels, while maintaining the cost efficiencies secured through the restructuring process and thus enabling the Hotel Group to become profitable again and recover some of the losses sustained during the Covid period.

The Group is also looking at expanding the Hotel Group activities through the expansion of the IBB four-plus and five-star segment and the Cugó Gran brand offering, through the acquisition of properties or the securing of long-term lease agreements. The directors acknowledge the higher resilience of the luxury accommodation segment that gives the ability to the Group to increase average ADR's and overall profitability margins. Therefore, the efforts of the Hotel Group are streamlined in this direction. The Group is presently exploring investment opportunities in Venice, Sardinia, Sevilla, Costa Rica and Bhutan, that could also involve the acquisition of the asset involved.

The Group ceased to operate IBB Hotel Andersia, a 172 room 4-star hotel located in Andersia Tower, a tower completed and sold by the Group in August 2007 in the Poznań financial centre. The lease of the Hotel expired on 31 March 2022 and a handover given to the new operator identified by the owner of the Hotel following a bidding process.

In the catering segment, through the associate IBB Hammett's Operations Limited the Group operates 3 restaurants and an events space. The joint venture is looking to expand its fourth restaurant called Monastik in Sliema, Malta and also secure another event spaces.

Asset Management

In 2021 the Group set up a special purpose vehicle licenced by the Bank of Italy to acquire asset backed credits on the Italian market. This vehicle allows the Group to issue interest or dividend earning investment instruments that can be sold to investors to fund the acquisition of these credits or finance such acquisition through specialised banks. The Group already acquired a block of credits, and the strategy of the Group is to expand this business through the acquisition of 2 to 3 block of credits a year that are single names with an underlying interesting asset. The choice of asset should be spread across various asset classes to spread the risk of the portfolio and to enjoy diversification benefits.

In Q4 2019 the Group had opened an office in Kyiv, Ukraine and hired a team of highly skilled real estate and asset management professionals to set up a licenced Asset Management Company in Ukraine. During 2020, the company obtained its asset management license and was in an advanced stage to receive a licence from the Ukrainian Authorities to establish a Real Estate Property fund dedicated mainly to Ukrainian commercial and residential assets in the cities of Kyiv and Lviv. On the 24 February 2022, Russian troops invaded Ukraine which in turn had a significant impact on the continuation of this project. Further details on the impact of this event on this investment are further elaborated in the subsequent section titled: Events after the end of the reporting period.

DIRECTORS' REPORT – continued

Future developments - continued

Private equity, venture capital and other investments

In 2021 the Group launched Von der Heyden Yachting, that started operating a commercial luxury yacht chartering & sales operations in the summer season. In November of 2021 Ferretti Group awarded the exclusive dealership for the prestigious Riva brand in Malta to the Group. As official Riva dealer, Von der Heyden Yachting offers a combination of tailormade purchasing, selling, chartering, maintenance, management, and assistance services for Riva motor yachts.

Urbelia Business S.L. that runs low-cost petrol stations with washing centres in Spain was originally set up to build 2 low-cost petrol stations in Bailen and Ciudad Real. Through this venture the Group plans to further expand this operation and has secured the expansion of two further stations. The Group strategy is to scale up this this business to around 10 stations in the coming three years. The strategy of the Group includes electric charging points in readiness for the green transport evolution underway.

The Group is also looking at investing into a new project related to the installation of household renewable energy plants in Spain. This project will also allow the Group to give its contribution to the reduction of the carbon footprint.

To conclude, the directors acknowledge the challenges brought about by the increased competition, geopolitical realities, market conditions and the increased complexities in structuring deals. The Group continues to strengthen its investment analysis procedures through the use of state-of-the-art tools, internal committees, and solid stress testing.

The strong liquidity position maintained will allow the Group to continue financing its investments and enable it to seize new opportunities that may arise in the future. After making enquiries, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Group 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.

Events after the end of the reporting period

On 24 February 2022, Russian troops started invading Ukraine. The ongoing war has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. The Russian invasion of Ukraine has also resulted to sanctions by the international community being imposed on Russia.

The Group has a subsidiary in Ukraine which is a licenced asset management company and was in the advanced stage of securing a license for a real estate fund. The subsidiary is based in the capital city of Ukraine in Kyiv and employs three members of staff whose families have been successfully evacuated, as male employees were legally required to stay in the country to support the country's defence efforts.

The Group's total equity investment over the past couple of years in the Ukrainian subsidiary amounted to €800,000, funds that were mainly expensed in the setting up of the operations and securing the necessary licences. As of 31 December 2021, the carrying amount of the investment in the company's financial statements was written down to €155,000 in line with the subsidiary's net assets carried in the consolidated financial statements which amounts to €155,114, mainly represented by the restricted deposits with a Ukrainian bank. The Group sees no further financial exposure to the from the Ukrainian subsidiary other than the risk of not recovering the deposits with the Ukrainian bank should the situation further deteriorate.

DIRECTORS' REPORT – continued

Events after the end of the reporting period - continued

The Company's directors and management will continuously monitor the situation in Ukraine however due to the currently deteriorating situation, the Group has put on hold its plans for the Ukrainian subsidiary. The Group has not committed to any real estate transactions in Ukraine and will only pursue this venture if there is a solid political solution, that includes some form of multi-national guarantees towards Ukrainian sovereign integrity and stability for the future. Should this not be achieved in the forthcoming period, the Group will consider winding up its operations in Ukraine and surrendering the licence.

Corporate Social Responsibility

The Group adheres to accepted principles of corporate social responsibility as well as business and ethical standards and carries out various CSR initiatives in the communities in which the Group operates. In the current climate the Group is focusing its support on Ukraine, helping both vulnerable expectant mothers through their safe reallocation to Poland as well as contribute medical supplies to Kiev's largest children's hospital. Other CSR initiatives revolve around environmental sustainability and the reduction of carbon footprint with various initiatives becoming more prominent in standard operating procedures throughout the Group subsidiaries. In 2022, the group will employ a person dedicated exclusively to sustainability and ESG measures to be implemented by the various companies within the Group.

Directors

During the year ended 31 December 2021, the directors were as listed on page 2. In accordance with the Company's Memorandum and Articles of Association, the present directors remain in office.

Statement of directors' responsibilities

The Companies Act (Cap. 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the Group and the Company as at the end of the financial period and of the profit or loss for that period.

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

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the consolidated financial statements in accordance with generally accepted accounting principles as defined in the Companies Act (Cap. 386) and in accordance with the provisions of the same Act.

DIRECTORS' REPORT – continued

Statement of directors' responsibilities - continued

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company, and to enable them to ensure that the consolidated and separate financial statements comply with the Companies Act (Cap. 386) enacted in Malta and the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

Approval

This directors' report was approved by the directors on 28 April 2022 and signed by them:

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December

		Group		Company	
	Notes	**2021**	2020	**2021**	2020
		€	€	**€**	€
Revenue	*4*	**11,518,975**	23,505,636	**-**	-
Cost of sales	*5*	**(2,673,671)**	(3,556,422)	**-**	-
Gross profit		**8,845,304**	19,949,214	**-**	-
Other operating income	*7*	**4,738,882**	3,222,490	**128,479**	105,976
Administrative expenses	*5*	**(12,499,824)**	(21,089,993)	**(1,046,422)**	(860,173)
Depreciation and amortisation	*12, 13, 26*	**(3,927,788)**	(4,850,339)	**(12,958)**	(29,090)
Operating profit (loss)		**(2,843,426)**	(2,768,628)	**(930,901)**	(783,287)
Impairment of financial assets		**(9,907)**	(52,256)	**(975,642)**	(784,561)
Other gains (losses)	*8*	**1,791,096**	2,338,247	**(1,634,684)**	(26,238,102)
Dividend income		**-**	-	**2,467,163**	22,204,471
Interest and other related income	*9*	**463,088**	793,526	**1,144,602**	739,482
Interest and other related expenses	*10*	**(3,107,397)**	(3,915,520)	**(747,741)**	(796,894)
Share in profits of associates	*16*	**1,408,998**	3,120,840	**-**	-
Profit (loss) before tax		**(2,297,548)**	(483,791)	**(677,203)**	(5,658,891)
Income tax credit (expense)	*11*	**76,583**	(1,264,668)	**-**	-
Profit (loss) for the year		**(2,220,965)**	(1,748,459)	**(677,203)**	(5,658,891)
Other comprehensive income					
May be reclassified to profit or loss in subsequent periods (net of tax):					
Translation of foreign operations		**(413,170)**	(1,047,948)	**-**	-
Will not be reclassified to profit or loss in subsequent periods (net of tax):					
Share in other comprehensive income of associate		**512,281**	-	**-**	-
Movement in fair value of land and buildings and commercial yacht		**1,962,144**	(1,034,052)	**-**	-
Total other comprehensive income (loss), net of tax		**2,061,255**	(2,082,000)	**-**	-
Total comprehensive income (loss), net of tax		**(159,710)**	(3,830,459)	**(677,203)**	(5,658,891)
Profit (loss) attributable to:					
Owners of the parent company		**(2,248,964)**	(1,167,368)		
Non-controlling interests		**27,999**	(581,091)		
		(2,220,965)	(1,748,459)		
Total other comprehensive income (loss), net of tax, attributable to:					
Owners of the parent company		**1,429,982**	(1,483,861)		
Non-controlling interests		**631,273**	(598,139)		
		2,061,255	(2,082,000)		
Total comprehensive income (loss), net of tax, attributable to:					
Owners of the parent company		**(818,982)**	(2,651,229)		
Non-controlling interests		**659,272**	(1,179,230)		
		(159,710)	(3,830,459)		

STATEMENTS OF FINANCIAL POSITION
As at 31 December

		Group		Company	
	Notes	**2021**	2020	**2021**	2020
		€	€	**€**	€
ASSETS					
Non-current assets					
Intangible assets	*12*	**66,194**	132,199	**-**	-
Property, plant and equipment	*13*	**27,309,196**	27,011,638	**16,808**	24,859
Right of use assets	*26*	**31,404,241**	36,781,943	**-**	-
Investment properties	*14*	**32,600,844**	23,989,226	**-**	-
Investment in subsidiaries	*15*	**-**	-	**13,734,690**	14,280,841
Investment in associates	*16*	**2,980,768**	3,600,593	**2,754,836**	3,646,183
Loans and other receivables	*17*	**6,654,844**	7,483,516	**18,968,923**	9,942,151
Other financial assets	*18*	**1,923,560**	1,081,892	**2,573,303**	1,538,360
Deferred tax assets	*11*	**1,003,920**	1,007,415	**-**	-
		103,943,567	101,088,422	**38,048,560**	29,432,394
Current assets					
Inventories	*19*	**90,160**	138,613	**-**	-
Current tax assets		**2,331**	49,139	**-**	-
Loans and other receivables	*17*	**7,059,523**	-	**-**	-
Trade and other receivables	*20*	**5,297,747**	5,774,113	**6,175,436**	4,360,139
Cash and cash equivalents	*21*	**17,124,904**	27,905,646	**9,520,470**	11,293,226
		29,574,665	33,867,511	**15,695,906**	15,653,365
TOTAL ASSETS		**133,518,232**	134,955,933	**53,744,466**	45,085,759
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	*22*	**3,804,641**	3,804,641	**3,804,641**	3,804,641
Share premium	*22*	**4,445,283**	4,445,283	**4,445,283**	4,445,283
Retained earnings	*22*	**14,272,114**	16,338,913	**30,888,122**	31,565,325
Other reserves	*22*	**4,877,107**	3,363,694	**-**	-
Currency translation reserve	*22*	**(1,615,913)**	(1,350,317)	**-**	-
		25,783,232	26,602,214	**39,138,046**	39,815,249
Non-controlling interests		**15,125,459**	14,383,072	**-**	-
TOTAL EQUITY		**40,908,691**	40,985,286	**39,138,046**	39,815,249
Non-current liabilities					
Borrowings	*23*	**17,765,944**	14,125,749	**11,566,382**	4,187,999
Debt securities in issue	*24*	**24,170,740**	24,225,028	**-**	-
Lease liabilities	*26*	**30,505,626**	35,172,656	**-**	-
Deferred tax liabilities	*11*	**5,002,395**	4,392,255	**-**	-
		77,444,705	77,915,688	**11,566,382**	4,187,999
Current liabilities					
Borrowings	*23*	**6,835,956**	5,911,369	**798,210**	797,566
Lease liabilities	*26*	**2,771,040**	5,059,110	**-**	-
Current tax liabilities		**54,879**	641,688	**-**	-
Trade and other payables	*25*	**5,502,961**	4,442,792	**2,241,828**	284,945
		15,164,836	16,054,959	**3,040,038**	1,082,511
TOTAL LIABILITIES		**92,609,541**	93,970,647	**14,606,420**	5,270,510
TOTAL EQUITY AND LIABILITIES		**133,518,232**	134,955,933	**53,744,466**	45,085,759

These financial statements on pages 11 to 69 were approved and authorized for issue by the directors on 28 April 2022 and signed by them:

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

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December

GROUP

	Share capital €	Share premium €	Currency translation reserve €	Other reserve €	Retained earnings €	Equity attributable to owners of the parent €	Non-controlling interests (NCI) €	Total Equity €
Balance as at 1 January 2020	3,804,641	4,445,283	(660,695)	6,442,088	14,914,787	28,946,104	15,313,964	44,260,068
Loss for the year	-	-	-	-	(1,167,368)	(1,167,368)	(581,091)	(1,748,459)
Other comprehensive income	-	-	(689,622)	(794,239)		(1,483,861)	(598,139)	(2,082,000)
Total comprehensive income	-	-	(689,622)	(794,239)	(1,167,368)	(2,651,229)	(1,179,230)	(3,830,459)
Capital contribution	-	-	-	-	-	-	248,145	248,145
Depreciation transfer for land and buildings	-	-	-	(152,760)	152,760	-	-	-
Transfer of fair value upon property disposal	-	-	-	(2,392,797)	2,392,797	-	-	-
Acquisition of subsidiary	-	-	-	261,402	-	261,402	46,130	307,532
Acquisition of non-controlling interest	-	-	-	-	45,937	45,937	(45,937)	-
Balance as at 31 December 2020	**3,804,641**	**4,445,283**	**(1,350,317)**	**3,363,694**	**16,338,913**	**26,602,214**	**14,383,072**	**40,985,286**
Balance as at 1 January 2021	3,804,641	4,445,283	(1,350,317)	3,363,694	16,338,913	26,602,214	14,383,072	40,985,286
Loss for the year	-	-	-	-	(2,248,964)	(2,248,964)	27,999	(2,220,965)
Other comprehensive income	-	-	(265,596)	1,695,578	-	1,429,982	631,273	2,061,255
Total comprehensive income	-	-	(265,596)	1,695,578	(2,248,964)	(818,982)	659,272	(159,710)
Depreciation transfer for land and buildings	-	-	-	(182,165)	182,165	-	-	-
Deconsolidation of subsidiaries	-	-	-	-	-	-	99,115	99,115
Return of capital to NCI	-	-	-	-	-	-	(16,000)	(16,000)
Transfer of fair value upon property disposal	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	**3,804,641**	**4,445,283**	**(1,615,913)**	**4,877,107**	**14,272,114**	**25,783,232**	**15,125,459**	**40,908,691**

STATEMENTS OF CHANGES IN EQUITY - continued
For the year ended 31 December

COMPANY	Share capital €	Share premium €	Retained earnings €	Total Equity €
Balance as at 1 January 2020	3,804,641	4,445,283	37,224,216	45,474,140
Loss for the year	-	-	(5,658,891)	(5,658,891)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(5,658,891)	(5,658,891)
Balance as at 31 December 2020	**3,804,641**	**4,445,283**	**31,565,325**	**39,815,249**
Balance as at 1 January 2021	3,804,641	4,445,283	31,565,325	39,815,249
Loss for the year	-	-	(677,203)	(677,203)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(677,203)	(677,203)
Balance as at 31 December 2021	**3,804,641**	**4,445,283**	**30,888,122**	**39,138,046**

STATEMENTS OF CASH FLOWS

For the year ended 31 December

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Cash flows from operating activities				
Loss before tax	**(2,297,548)**	(483,791)	**(677,203)**	(5,658,891)
Adjustments for:				
- Depreciation and amortisation	**3,927,788**	4,850,339	**12,958**	29,090
- Impairment of investment in associates	**369,770**	-	**295,828**	-
- Impairment of financial assets	**9,907**	52,256	**975,642**	784,561
- Gain on termination and remeasurement of leases under IFRS 16	**(535,922)**	(184,650)	**-**	-
- Movement in fair values of investment properties	**(522,819)**	(3,116,415)	**-**	-
- Movement in fair values of investment in subsidiaries and associates	**-**	-	**1,379,464**	26,267,356
- Movement in FVTPL investments	**-**	-	**(1,774)**	-
- Share in profits of associates	**(1,408,998)**	(3,120,840)	**-**	-
- Amortisation of deferred fair value gain	**(1,059,523)**	-	**-**	-
- Gain on disposal of property and equipment	**(77,990)**	(7,352)	**-**	-
- Gain on deconsolidation of subsidiaries	**(238,711)**	-	**-**	
- Lease concessions due to COVID-19	**(1,155,517)**	(936,770)	**-**	-
- Amortisation of bond issue costs	**41,630**	41,630	**-**	-
- Dividend income	**-**	-	**(2,467,163)**	(22,204,471)
- Interest and other related income	**(463,088)**	(793,526)	**(1,144,602)**	(739,482)
- Interest and other related expenses	**3,065,767**	3,915,520	**747,741**	796,894
Operating (loss)/profit before working capital movements	**(345,254)**	216,401	**(879,109)**	(724,943)
Movement in inventories	**7,282**	6,710	**-**	-
Movement in trade and other receivables	**878,212**	(1,035,511)	**(6,036)**	(27,145)
Movement in trade and other payables	**885,047**	(1,497,625)	**60,860**	30,151
Cash generated by/(used in) operations	**1,425,287**	(2,310,025)	**(824,285)**	(721,937)
Income taxes paid	**(557,013)**	(22,731)	**-**	-
Net cash flows from/(used in) operating activities	**868,274**	(2,332,756)	**(824,285)**	(721,937)
Cash flow from investing activities				
Payments to acquire:				
- Property, plant and equipment	**(459,629)**	(1,792,440)	**(4,907)**	(926)
- Investment properties	**(8,212,763)**	(4,371,821)	**-**	-
- Intangible assets	**(9,867)**	(18,545)	**-**	-
- Financial assets	**(1,053,034)**	(1,367,764)	**(1,148,462)**	(2,040,640)
- Subsidiaries and associates	**(206,922)**	-	**(126,049)**	(1,409,282)
Proceeds from disposals of:				
- Property, plant and equipment	**1,134,064**	10,500,000	**-**	-
- Financial assets	**66,778**	447,339	**-**	447,339
- Subsidiaries and/or associates	**19,000**	-	**-**	1,300,769
Dividends received	**2,467,163**	22,204,471	**2,467,163**	22,204,471
Return of share premium by associate	**-**	1,990,301	**-**	-
Cash acquired from business combination	**-**	88,021	**-**	-
Net movement in loans to:				
- Ultimate parent company	**500,000**	1,079,082	**-**	
- Group companies	**-**	-	**(13,603,732)**	(5,581,713)
- Associates and other related parties	**(590,461)**	2,600,959	**(262,079)**	2,947,864
- Third parties	**(4,731,378)**	2,615,302	**2,870,145**	(336,192)
Net movement in amounts due from:				
- Ultimate beneficial owner	**19,324**	194,666	**257,960**	(417,930)
- Directors	**-**	(25)	**-**	-
Interest received	**89,431**	139,279	**70,633**	723,934
Net cash flows (used in) from investing activities	**(10,968,294)**	34,308,825	**(9,479,328)**	17,837,694

STATEMENTS OF CASH FLOWS - continued
For the year ended 31 December

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Net cash flows from (used in) operating activities	**868,274**	(2,332,756)	**(824,285)**	(721,937)
Net cash flows (used in) from investing activities	**(10,968,294)**	34,308,825	**(9,479,328)**	17,837,694
Cash flow from financing activities				
Net proceeds from borrowings from banks	**-**	736,173	**-**	-
Repayment of borrowings from banks	**(541,319)**	(3,086,309)	**-**	-
Acquisition by parent company of group bonds	**(95,918)**	-	**-**	
Return of capital to NCI	**(16,000)**	-	**-**	
Additional capital contribution from NCI	**-**	248,145	**-**	-
Payments of principal portion of lease liabilities	**(4,161,962)**	(1,250,853)	**-**	-
Net movement in borrowings from:				
- Ultimate parent company	**-**	(327,352)	**-**	(75,998)
- Group companies	**-**	-	**8,083,271**	530,196
- Associates and other related parties	**575,258**	(2,984,261)	**(580,909)**	(3,317,596)
- Ultimate beneficial owner	**-**	(125,111)	**-**	8,551
- Third parties	**5,034,605**	(2,555,194)	**1,186,859**	(2,132,858)
Interest paid	**(1,555,581)**	(1,914,191)	**(158,364)**	(998,585)
Other borrowings	**-**	(4,298)	**-**	-
Net cash flows (used in) from financing activities	**(760,917)**	(11,263,251)	**8,530,857**	(5,986,290)
Effect of changes in foreign exchange	**80,195**	874,627	**-**	-
Net movement in cash and cash equivalents	**(10,780,742)**	21,587,445	**(1,772,756)**	11,129,467
Cash and cash equivalents at the beginning of the year	**27,905,646**	6,318,201	**11,293,226**	163,759
Cash and cash equivalents at the end of the year	**17,124,904**	27,905,646	**9,520,470**	11,293,226

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - continued

1. GENERAL INFORMATION

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

The Company and its subsidiaries (collectively the "Group") are involved in real estate investments, property management, development and leasing, hospitality and tourism operations, hotel management across Europe including Germany, Italy, Malta, Poland, and Spain.

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

The immediate and ultimate parent company of TIMAN Investments Holdings Limited is Von Der Heyden Group Holdings B.V., a company registered in Curaçao with its registered address at Landhuis Groot Kwartier, Groot Kwartierweg 12 Curaçao, which owns 85.42% of the voting capital of the Company. The other 14.58% voting capital of the Company is owned by Trusthigh Holdings Limited, a company registered in Ireland.

The ultimate controlling party of the Group is Sven von der Heyden, a resident of Malta.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.2. Going concern

The operations and financial results of the Group, particularly those of the Hotel Accommodation and Catering segments, have continued to be significantly impacted by the decline in tourism activity as a result of the imposition of intermittent travel and quarantine restrictions since the beginning of the COVID-19 pandemic in March 2020. Whilst the situation has started to improve in the second half of 2021, the level of profitability remains significantly lower than that registered pre the pandemic.

In the year under review, the Group recorded a €2.2m loss for the year (2020: €1.75m loss) which, however, underlies a €0.9m positive net cash flow (2020: €2.3m deficit) from operations, registered on account of the significant containment of operating costs, government grants received and lease concessions negotiated in mitigation of the activity curtailed by the pandemic. In 2021, the Group continued to enjoy the satisfactory performance of the associated companies, a segment which in 2020 had contributed an exceptional €6m promote fee (net of direct costs) on the successful conclusion of the Bavaria Towers development project in Munich.

The Group's financial position remains robust. As at 31 December 2021, the Group had total assets of €133.5m (2020: €134.9m) including a cash balance of €17.1m (2020: €27.9m). Total shareholders' funds amount to €40.9m (2020: €41.0m).

During the year, the Group continued to deploy its significant cash resources in the development of its core investment property portfolio, as well as in the acquisition of the initial block of asset-backed securities in Italy. In the coming year, the Directors will continue to monitor and pursue investment opportunities as arising, as long as the timing thereof is aligned to the Group's core objective of maintaining sufficient liquidity to meet short and longer term obligations, including the servicing of bank borrowings and the Group's Bonds, as arising.

Accordingly, after due consideration of banking facilities at hand and financial obligations in place, and after the extensive review of the Group's cashflow projections for the forthcoming twelve months, which consider the ongoing challenges posed by COVID-19 and the potential impact of subsequent events disclosed in Note 33, the Directors consider the going concern assumption in the preparation of the Group's financial statements as appropriate as at the date of approving these accounts.

2.3. New and amended standards and interpretations

The Group has adopted the following new and amended IFRS and IFRIC interpretations:

- Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions beyond 30 June 2021(issued on 31 March 2021) (effective for financial periods beginning on or after 1 April 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) (effective for financial periods beginning on or after 1 January 2021).

The adoption of other standards or interpretations above, where applicable, did not have significant impact on the financial statements or performance of the Group and the Company other than as disclosed in Note 2.19.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting year which the Group has not adopted early, with the exception of IFRS 16 amendments disclosed above, but plans to adopt upon their effective date. None of these standards, interpretations and amendments is expected to have an impact on the financial position or performance of the Group and the Company. The amendments and improvements to standards are as follows:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning or after 1 January 2022)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective for annual periods beginning or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective for annual periods beginning or after 1 January 2023)

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

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued by IASB on 23 January 2020 and 15 July 2020 respectively) (effective for annual periods beginning or after 1 January 2023 with proposal to delay after 1 January 2024 together with adoption of the proposals for the presentation of non-current liabilities subject to covenants issued on November 2021)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The changes resulting from these standards are not expected to have a material effect on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.5. Basis of consolidation

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

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

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

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

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

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value (Note 29.2).

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.5. Basis of consolidation - continued

Information about the composition of the Group

These consolidated financial statements are comprised of the following:

Name	Principal activities	City	Domicile	Shareholding (%) 2021	Shareholding (%) 2020
Directly held by the Company					
Von der Heyden Group Finance P.L.C.	Financing	Gzira	Malta	**99.99**	99.99
IBB Hotel Collection Holding S.L.	Investment holding	Menorca	Spain	**99.59**	99.59
Asset Management Company Von der Heyden Group LLC	Asset management	Kiev	Ukraine	**100.00**	100.00
Von der Heyden Group Services Limited	Service company	Gzira	Malta	**100.00**	100.00
Von der Heyden Yachting Limited	Yacht leasing	Gzira	Malta	**100.00**	100.00
Hotspot Real Estate d.o.o.	Property holding	Podgorica	Montenegro	**100.00**	100.00
Gzira 14 East Limited	Property leasing	Gzira	Malta	**100.00**	100.00
IBB Hotel Erfurt GmbH & Co KG	Dormant company	Berlin	Germany	**100.00**	100.00
First Polish Real Estate B.V.	Investment holding	Amsterdam	Netherlands	**53.45**	53.45
Andersia Tower Hotel Management Sp. z o.o.	Hotel management	Poznan	Poland	**24.53**	24.53
Lublin Grand Hotel Sp. z o.o.	Property holding	Lublin	Poland	**75.00**	75.00
Lublin Grand Hotel Management Sp. z o.o.	Hotel management	Lublin	Poland	**-**	74.94
Nowy Swiat 5 Sp. z o.o.	Property holding	Warsaw	Poland	**100.00**	100.00
Von der Heyden & Partners Sp. z o.o.	Property holding	Warsaw	Poland	**100.00**	100.00
Von der Heyden Development Sp. z o.o.	Management services	Warsaw	Poland	**100.00**	100.00
Timan Investments España S.L.	Hotel operations	Menorca	Spain	**100.00**	100.00
Urbelia Business S.L. *	Petrol station operation	Madrid	Spain	**-**	69.00
Lvant Prospects Limited	Management company	Gzira	Malta	**100.00**	-
Villa Diodati S.R.L.	Property holding	Pisa	Italy	**100.00**	-
Held by the Group					
IBB Management 2007 S.L.	Hotel management	Mallorca	Spain	**99.59**	99.59
Hotel Sol del Este S.L.	Property holding	Menorca	Spain	**99.59**	99.59
IBB España 2004 S.L.	Hotel management	Menorca	Spain	**99.59**	99.59
Kalagastur S.L.	Dormant company	Menorca	Spain	**99.59**	99.59
Donaupassage Hotel Betriebs GmbH	Property holding	Passau	Germany	**99.59**	99.59
IBB Hotels Deutschland Betriebs GmbH	Hotel management	Ingelheim am Rhein	Germany	**99.59**	99.59
IBB Blue Hotel Betriebs GmbH	Hotel management	Berlin	Germany	**99.59**	99.59
Merkanti Hotel Operations Limited	Hotel operations	Gzira	Malta	**99.59**	99.59
IBB Hotel Management Europe Limited	Hotel management	Gzira	Malta	**99.59**	99.59
Senglea Hotel Operations Limited	Hotel operations	Gzira	Malta	**99.59**	99.59
Andersia Tower Hotel Management Sp. z o.o.	Hotel management	Poznan	Poland	**49.08**	49.08
Dlugi Targ Hotel Management Sp. z o.o.	Hotel management	Lublin	Poland	**50.00**	50.00
Lublin Grand Hotel Management Sp. z o.o.	Hotel management	Lublin	Poland	**74.63**	-
IBB Polska Sp. z o.o.	Hotel operations	Lublin	Poland	**99.59**	99.59
Andersia Property Sp. z o.o.	Property management	Poznan	Poland	**66.67**	66.67
Dlugi Targ Sp. z o.o.	Property holding	Lublin	Poland	**66.67**	66.67
SPV WW1 Sp. z o.o.	Dormant shelf company	Warsaw	Poland	**100.00**	99.88
Andersia Retail Sp. z o.o.	Property developer	Poznan	Poland	**66.67**	66.67
SPV Project 2101 S.R.L.	Special purpose vehicle	Milan	Italy	**N/a**	-
Urbelia Bailen S.L. *	Petrol station operation	Madrid	Spain	**-**	69.00
Urbelia Ciudad S.L. *	Petrol station operation	Madrid	Spain	**-**	69.00

**Deconsolidated on 31 March 2021*

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.5. Basis of consolidation - continued

Non-consolidated participations

The following companies are also controlled by the Group and directly held by the Company but are not consolidated on the basis that they are not material to the Group.

			Equity interest (%)	
Name	**Principal activities**	**Domicile**	**2021**	**2020**
Viajes Menorca S.L. (Millenium Menorca Travel)	Travel agency	Spain	**77.86**	77.86
IBB Hotel Verwaltungsgesellschaft mbH	Dormant company	Germany	**100.00**	100.00

2.6. Business combination and goodwill

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.7. Business combination under common control

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

2.8. Foreign currencies

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

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

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

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

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

	Statement of financial position		Statement of comprehensive income	
	2021	2020	**2021**	2020
PLN	**4.5969**	4.5597	**4.5652**	4.4430

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.9. Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on the straight-line method so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

	%
Computer software	12 - 25

2.10. Property, plant and equipment

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

Cost includes purchase price and any directly attributable cost of preparing the asset for its intended use. Subsequent costs are included in the carrying amount of the asset or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the group and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

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

Assets under construction are carried at cost less impairment, if any.

The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Land and buildings and the commercial yacht are revalued by a professionally qualified architect/surveyor on the basis of market values. Any surpluses arising on such revaluation are credited to a revaluation reserve whilst deficiencies resulting from decreases in value and/or impairment are deducted from this reserve to the extent that it is sufficient to absorb these by asset and charged through the other of comprehensive income thereafter. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.10. Property, plant and equipment – continued

On disposal of an item of property, plant and equipment, the difference between the net consideration received and their carrying amount are recorded in profit or loss. The carrying amount of the revaluation reserve directly attributable to the disposed property carried are revalued amount is also released directly to retained earnings.

2.11. Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined by a professionally qualified architect/surveyor on the basis of market values.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition. The amount of consideration to be included in the gain or loss arising from the de-recognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.12. Investment in subsidiaries and associates

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

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

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

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

The use of the equity method ceases from the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.13. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the price at which stocks can be sold in the course of business less anticipated costs of selling. Provision is made where necessary for obsolete, slow moving and defective stocks.

2.14. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

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

Financial assets at fair value through other comprehensive income (FVTOCI)

Investments in debt instruments that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the asset and that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as financial assets at FVTOCI. Changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated in a revaluation reserve. When these debt instrument are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.14. Financial instruments – continued

Financial assets at fair value through other comprehensive income (FVTOCI) - continued

Investments in equity instruments are classified under this category when an irrevocable election at initial recognition has been made on these investments. Election of investments in equity instruments at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognised by an acquirer in a business combination. Changes in the fair value of these equity instruments are recognised in other comprehensive income and accumulated in a revaluation reserve. When these equity instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are not reclassified to profit or loss, instead, it is transferred to retained earnings. Dividends on these investments in equity instruments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at amortised cost

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

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

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

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

Impairment of financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.14. Financial instruments – continued

Impairment of financial assets - continued

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

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

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

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. The Group does not have financial liabilities at FVTPL.

Financial liabilities at amortised cost

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

Offsetting financial instruments

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

2.15. Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.15. Cash and cash equivalents – continued

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

2.16. Share capital

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

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

2.17. Provisions

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

2.18. Revenue

The Group recognises revenue from the following major sources:

- accommodation and catering
- administration and consulting
- property leasing
- sale of fuel

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

Accommodation and catering revenues

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

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

Administration and consulting

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.18. Revenue - continued

Property leases

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

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

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

Sale of fuel

Sale of fuel is recognised at a point in time when control of the fuel has been transferred, being at the point the customer purchases the fuel at the fuel stations. Payment of the transaction price is due immediately at the point the customer purchases the fuel.

Practical expedients and exemptions

Financing component

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

Disclosure of variable consideration

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

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

Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer but not yet billed. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Revenue earned but yet to be billed to customers, is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.19. Leases

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

The Group as a lessee

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

The Group applies the practical expedient available under the amendments to IFRS 16 providing relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. During 2021, the Group recognised EUR1,155,517 (2020: EUR936,770) in profit and loss to reflect changes in lease payments that arose from rent concessions to which it applied the practical expedient.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.19. Leases - continued

Short-term leases and leases of low-value assets

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

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

2.20. Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.21. Government grants

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

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

2.22. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23. Taxation

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

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.24. Related parties

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

2.25. Fair value measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES – continued

2.25. Fair value measurement - continued

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

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

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

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

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

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

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

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

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

3.1. Fair value measurements and valuation processes

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

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES - continued

3.1. Fair value measurements and valuation processes - continued

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES - continued

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

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

3.3. Investment in associates

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

3.4. Determining the lease term on contracts

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

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

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

3.5. Consolidation of special purpose vehicle

During the year ended 31 December 2021, the Group has launched an asset securitisation vehicle created under the Italian Securitisation Law (Law 130/1999) and regulated by the Bank of Italy. The Group does not hold any ownership interests in the vehicle. However, based on the terms of agreements under which the vehicle was established, the Group is entitled to variable returns from its involvement in the vehicle and that the Group has rights that gives it the ability to direct this vehicle's activities substantially and affect those variable returns. Consequently, the Group has control over this vehicle and therefore is being consolidated in these financial statements of the Group. The vehicle was set-up as a securitisation vehicle with the purpose of acquiring credits and eventually securitise them. Other than the acquisition of the credits disclosed in Note 17, the vehicle did not undertake any other major transactions.

NOTES TO THE FINANCIAL STATEMENTS - continued

4. REVENUE

	Group	
	2021	2020
	€	€
Revenue by geographical region:		
Poland	**5,344,451**	16,743,448
Spain	**519,757**	2,288,802
Germany	**4,380,711**	4,077,376
Malta	**1,274,056**	396,010
	11,518,975	23,505,636
Revenue by activity:		
Accommodation	**7,269,136**	6,525,526
Catering	**2,234,564**	1,788,830
Administration and consulting	**41,207**	49,490
Development	**251,440**	12,255,267
Leasing	**514,832**	674,521
Fuel sale	**494,522**	1,733,607
Other	**713,274**	478,395
	11,518,975	23,505,636

Development revenue for 2020 reflects the promote fee earned by the Group for its involvement in the sale of the Bavaria Towers in Munich, Germany.

5. EXPENSES BY NATURE

Profit (loss) before tax is stated after charging:

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Cost of sales	**2,673,671**	3,556,422	**-**	-
Staff costs (Note 6)	**6,496,956**	13,541,621	**512,475**	405,903
Legal, professional, and outsourcing fees	**1,244,025**	2,740,193	**168,997**	184,424
Auditor fees	**209,600**	174,912	**32,500**	22,500
Marketing costs	**96,525**	213,117	**3,114**	957
Lease and related expenses (Note 26)	**355,020**	346,581	**56,026**	51,676
General and administrative expenses	**997,267**	954,118	**18,664**	26,489
Commissions	**537,657**	268,711	**-**	7,677
Cleaning and upkeep	**979,938**	860,998	**1,940**	1,411
Utilities, water and electricity	**695,439**	619,142	**-**	-
Other operating expenses	**887,397**	1,370,600	**252,706**	159,136
	15,173,495	24,646,415	**1,046,422**	860,173

NOTES TO THE FINANCIAL STATEMENTS - continued

6. STAFF COSTS

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Personnel costs				
- Wages and salaries	**4,182,642**	4,620,265	**348,876**	243,745
- Social security costs	**885,025**	1,024,669	**23,698**	16,590
	5,067,667	5,644,934	**372,574**	260,335
Directors' fees and remunerations (Note 27)	**1,429,289**	7,896,687	**139,901**	145,568
	6,496,956	13,541,621	**512,475**	405,903
Average number of employees	**192**	248	**14**	10

7. OTHER OPERATING INCOME

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Lease concessions and rebates (Note 26)	**1,155,517**	936,770	**-**	-
Gain on lease terminations (Note 26)	**-**	514,648	**-**	-
Gain on deconsolidation of subsidiaries (Note 29)	**238,711**	-	**-**	-
Government grants (Note i) (Note 30)	**3,114,339**	1,105,649	**-**	-
Others	**230,315**	665,423	**128,479**	105,976
	4,738,882	3,222,490	**128,479**	105,976

i. Throughout the period presented, the Group benefited from government assistance packages aimed at mitigating the impact of the Covid-19 pandemic. Assistance ranged from financial support due to state-imposed lockdowns which resulted in various hotels managed by the Group to be closed for a period of time, together with financial aid to protect the jobs of employees in countries where the Group operates. Conditions attributable to these grants, where applicable, are disclosed in Note 30 and have been satisfied for all grants recognised within income.

8. OTHER GAINS (LOSSES)

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Net foreign exchange differences	**42,602**	(837,072)	**40,608**	(25,687)
Movement in fair value of investments in subsidiaries and associates (Notes 15,16)	**-**	-	**(1,379,464)**	(26,212,415)
Impairment of investment in associate	**(369,770)**	-	**(295,828)**	-
Remeasurement of right-of-use asset and lease liabilities (Note 26)	**535,922**	-	**-**	-
Movement in fair value of investment property (Note 14)	**522,819**	3,175,319	**-**	-
Amortisation of deferred fair value gain (Note 17)	**1,059,523**	-	**-**	-
	1,791,096	2,338,247	**(1,634,684)**	(26,238,102)

NOTES TO THE FINANCIAL STATEMENTS - continued

9. INTEREST AND OTHER RELATED INCOME

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Interest on:				
Bank balances	**275**	4,488	**94**	74
Loan to ultimate parent company	**175,878**	184,250	**-**	-
Loan to group companies	**-**	-	**1,029,840**	405,327
Loan to associates and related parties	**170,385**	251,580	**45,073**	79,736
Loan to ultimate beneficial owner	**7,469**	25,327	**-**	-
Loan to third parties	**19,925**	193,090	**19,924**	171,198
Other interest and other related income	**89,156**	134,791	**49,671**	83,147
	463,088	793,526	**1,144,602**	739,482

10. INTEREST AND OTHER RELATED EXPENSE

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Interest on:				
Bank loans and charges	**455,581**	474,400	**79,683**	53,172
Loan from ultimate parent company	**-**	13,934	**-**	524
Loan from group companies	**-**	-	**661,970**	186,656
Loan from associates and related parties	**209,170**	516,708	**5,463**	496,490
Loan from ultimate beneficial owner	**-**	27,165	**-**	-
Loan from third parties	**96,589**	179,683	**625**	60,052
Debt securities in issue	**1,141,630**	1,141,630	**-**	-
Finance lease liabilities	**1,204,427**	1,358,965	**-**	-
Other interest-bearing payables	**-**	203,035	**-**	-
	3,107,397	3,915,520	**747,741**	796,894

11. TAXATION

11.1. Tax expense (credit)

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Current tax expense (credit)				
Corporate income tax expense	**72,310**	584,773	**-**	-
Corporate income tax adjustments in respect of prior periods	**(81,471)**	-	**-**	-
	(9,161)	584,773	**-**	-
Deferred tax (credit) expense				
Charged to profit or loss	**(67,422)**	679,895	**-**	-
Income tax (credit) expense	**(76,583)**	1,264,668	**-**	-

NOTES TO THE FINANCIAL STATEMENTS - continued

11. TAXATION - continued

11.2. Tax reconciliation

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Loss before tax	**(2,297,548)**	(483,791)	**(677,205)**	(5,658,891)
Theoretical credit at the parent company's domestic tax rate of 35%	**(804,142)**	(169,327)	**(237,022)**	(1,980,612)
Tax effects of:				
- Non-taxable income	**(902,416)**	(1,247,907)	**(863,521)**	(7,804,795)
- Non-deductible expenses	**1,075,776**	1,346,241	**926,607**	9,466,458
- Unabsorbed tax losses not recognised	**685,643**	922,855	**134,005**	-
- Movement in deferred tax losses brought forward	**-**	-	**-**	183,982
- Other differences	**(404,311)**	(495,221)	**39,931**	134,967
- Effect of difference in tax rate in the operating subsidiaries' jurisdictions	**272,867**	908,027	**-**	-
	(76,583)	1,264,668	**-**	-
Effective income tax rate	**(3.33)%**	261%	**0%**	0%

Change in effective tax rate follows one-off transaction undertaken in 2020 as disclosed in Note 4.

11.3. Deferred tax assets (liabilities)

	Group	
	2021	2020
	€	€
Deferred tax assets		
Tax loss carried forward and other temporary differences	**1,003,920**	1,007,415
Deferred tax liabilities		
Revaluation of land and buildings	**(1,744,114)**	(1,333,882)
Revaluation of investment properties	**(2,744,505)**	(2,660,976)
Revaluation of yacht	**(114,833)**	-
Other temporary differences	**(398,943)**	(397,397)
	(5,002,395)	(4,392,255)
Net deferred tax liabilities	**(3,998,475)**	(3,384,840)

NOTES TO THE FINANCIAL STATEMENTS - continued

11. TAXATION - continued

11.3. Deferred tax assets (liabilities) - continued

The directors have assessed the recognition of the deferred tax assets and they are confident that the deferred taxation recognized in the financial statements will be realized in the foreseeable future through trading operations. As at 31 December 2021, the Group has an unrecognized deferred tax asset of €4,087,195 (2020: €3,022,496) arising mainly on trading losses which have not been recognized due to doubts over their recoverability. Trading losses held by the Group are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2021, the Company had unutilized tax losses of €2,486,821 (2020: €2,103,948), which gave rise to a deferred tax asset €870,387 (2020: €736,382). The deferred tax asset has not been recognized in the financial statements in view of the potential uncertainty that future taxable profits would be available to absorb such asset.

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

	Group	
	2021	2020
	€	€
At 1 January	**3,384,840**	3,119,524
Tax expense recognised in profit or loss	**(67,422)**	679,895
Tax expense recognised in other comprehensive income	**680,058**	(414,579)
At 31 December	**3,997,476**	3,384,840

12. INTANGIBLE ASSETS

Intangible assets of the Group comprise Computer and other software.

	Group	
	2021	2020
	€	€
Cost		
At 1 January	**499,424**	516,683
Additions	**9,867**	18,545
Disposals	**(104,593)**	(35,804)
At 31 December	**404,698**	499,424
Accumulated amortisation		
At 1 January	**(364,548)**	(337,948)
Charge for the year	**(37,906)**	(60,454)
Released on disposal	**66,852**	33,854
At 31 December	**(335,602)**	(364,548)
Effect of translation of foreign operations	**(2,902)**	(2,677)
Carrying amount at 31 December	**66,194**	132,199

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

13. PROPERTY, PLANT AND EQUIPMENT

	Group				
For the year ended 31 December 2021	**Land and buildings €**	**Machinery and equipment €**	**Commercial Yacht €**	**Assets under construction €**	**Total €**
Cost/Revalued cost					
At 1 January 2021	23,603,829	5,976,436	979,000	422,166	30,981,431
Additions	36,743	255,391	142,495	25,000	459,629
Disposals	(279,346)	(2,924,171)	-	-	(3,203,517)
Revaluation	2,159,116	-	328,093	-	2,487,209
Transfers	(364,332)	418,449	(49,588)	(418,449)	(413,920)
Effect of translation of foreign operations	(149,928)	(6,220)	-	(412)	(156,560)
At 31 December 2021	25,006,082	3,719,885	1,400,000	28,305	30,154,272
Accumulated depreciation					
At 1 January 2021	-	(3,969,793)	-	-	(3,969,793)
Charge for the year	(366,494)	(387,676)	(49,588)	-	(803,758)
Released on disposal	2,162	1,505,898		-	1,508,060
Transfers	364,332	-	49,588	-	413,920
Effect of translation of foreign operations	-	6,495	-	-	6,495
At 31 December 2021	-	(2,845,076)	-	-	(2,845,076)
Carrying amount at 31 December 2021	25,006,082	874,809	1,400,000	28,305	27,309,196

The transfers during the years ended 31 December 2021 relate to the accumulated depreciation as at the revaluation date that were eliminated against the gross carrying amount for the revalued assets.

The Group's land and buildings, as well as the yacht, were revalued by independent professional qualified valuers. Note 32 provides detailed information regarding the key assumptions used in performing such revaluation. The carrying amount of land and buildings, had they been measured at cost, would have amounted to €15,826,533 (2020: €17,462,923).

NOTES TO THE FINANCIAL STATEMENTS - continued

13. PROPERTY, PLANT AND EQUIPMENT - continued

	Group				
For the year ended 31 December 2020	**Land and buildings €**	**Machinery and equipment €**	**Commercial Yacht €**	**Assets under construction €**	**Total €**
Cost/Revalued cost					
At 1 January 2020	35,777,152	6,622,237	-	422,166	42,821,555
Additions	168,979	639,461	979,000	-	1,787,440
Additions through business combination	-	88,188	-	-	88,188
Disposals	(10,008,826)	(1,373,249)	-	-	(11,382,075)
Transfers	(383,684)	-	-	-	(383,684)
Revaluation	(1,276,595)	-	-	-	(1,276,595)
Effect of translation of foreign operations	(673,197)	(201)	-	-	(673,398)
At 31 December 2020	23,603,829	5,976,436	979,000	422,166	30,981,431
Accumulated depreciation					
At 1 January 2020	-	(4,189,030)	-	-	(4,189,030)
Charge for the year	(481,872)	(556,313)	-	-	(1,038,185)
Released on disposal	110,040	781,335	-	-	891,375
Transfers	383,684	-	-	-	383,684
Effect of translation of foreign operations	(11,852)	(5,785)	-	-	(17,637)
At 31 December 2020	-	(3,969,793)	-	-	(3,969,793)
Carrying amount at 31 December 2020	23,603,829	2,006,643	979,000	422,166	27,011,638

The transfer during the year ended 31 December 2020 relate to the accumulated depreciation as at the revaluation date that were eliminated against the gross carrying amount for the revalued asset.

13. PROPERTY, PLANT AND EQUIPMENT - continued

	Company			
	Motor vehicle €	Computer equipment €	Other assets €	Total €
For the year ended 31 December 2021				
Cost				
At 1 January 2021	**115,699**	**22,620**	**2,950**	**141,269**
Additions	**-**	**4,907**	**-**	**4,907**
Disposals	**-**	**-**	**-**	**-**
At 31 December 2021	**115,699**	**27,527**	**2,950**	**146,176**
Accumulated depreciation				
At 1 January 2021	**(101,700)**	**(13,530)**	**(1,180)**	**(116,410)**
Charge for the year	**(7,000)**	**(5,663)**	**(295)**	**(12,958)**
Released on disposal	**-**	**-**	**-**	**-**
At 31 December 2021	**(108,700)**	**(19,193)**	**(1,475)**	**(129,368)**
Carrying amount at 31 December 2021	**6,999**	**8,334**	**1,475**	**16,808**
For the year ended 31 December 2020				
Cost				
At 1 January 2020	115,699	21,694	2,950	140,343
Additions	-	926	-	926
At 31 December 2020	115,699	22,620	2,950	141,269
Accumulated depreciation				
At 1 January 2020	(78,560)	(7,875)	(885)	(87,320)
Charge for the year	(23,140)	(5,655)	(295)	(29,090)
At 31 December 2020	(101,700)	(13,530)	(1,180)	(116,410)
Carrying amount at 31 December 2020	13,999	9,090	1,770	24,859

14. INVESTMENT PROPERTIES

	Group	
	2021 **€**	2020 €
At 1 January	**23,989,226**	17,680,874
Additions	**8,212,763**	4,371,821
Change in fair value	**522,819**	3,175,319
Effect of translation of foreign operations	**(123,964)**	(1,238,788)
At 31 December	**32,600,844**	23,989,226

The Group's investment properties were revalued by independent professional qualified valuers. Note 32 provides detailed information regarding the key assumptions used in performing such revaluation.

NOTES TO THE FINANCIAL STATEMENTS - continued

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	€	€
At fair value		
At 1 January	**14,280,841**	19,097,572
Additions	**225,605**	1,409,282
Disposals	**(333,640)**	-
Fair value movement	**(438,116)**	(6,226,013)
At 31 December	**13,734,690**	14,280,841

Information about the investments of the Company at the end of the period are as disclosed in Note 2.5. The Company accounts for its investments in subsidiaries at fair value, details of which are disclosed in Note 32.

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

Set out below is the information regarding the capital and reserves as at 31 December and the results for the year then ended of the subsidiaries directly held by the Company.

	Net assets		Profit (loss) for the year	
	2021	2020	**2021**	2020
	€	€	**€**	€
Von der Heyden Group Finance P.L.C. (audited)	**461,502**	322,804	**138,700**	53,287
IBB Hotel Collection Holding S.L. (unaudited)	**330,382**	355,807	**(9,424)**	(652,421)
Asset Management Company Von der Heyden Group LLC (unaudited)	**155,114**	157,996	**(235,005)**	(311,465)
Von der Heyden Group Services Limited (unaudited)	**(284,798)**	90,697	**(375,196)**	89,198
Von der Heyden Yachting Limited (unaudited)	**(52,427)**	194,700	**(247,127)**	(6,800)
Hotspot Real Estate d.o.o. (unaudited)	**(171,573)**	(56,421)	**(115,152)**	(56,422)
Gzira 14 East Limited (unaudited)	**254,096**	311,784	**(57,688)**	(74,211)
IBB Hotel Erfurt GmbH & Co KG (unaudited)	**275,136**	277,074	**(1,939)**	(2,081)
First Polish Real Estate B.V. (unaudited)	**5,488,346**	6,122,182	**(633,836)**	(57,205)
Andersia Tower Hotel Management Sp. z o.o. (audited)	**(1,220,056)**	(1,734,141)	**840,250**	(2,108,186)
Lublin Grand Hotel Sp. z o.o. (audited)	**2,963,639**	2,645,608	**341,797**	(784,138)
Lublin Grand Hotel Management Sp. z o.o. (audited)	**(853,997)**	(323,451)	**(536,867)**	(517,398)
Nowy Swiat 5 Sp. z o.o. (unaudited)	**(1,910,824)**	(1,712,823)	**(213,332)**	(557,627)
Von der Heyden & Partners Sp. z o.o. (unaudited)	**(536,373)**	(496,192)	**(44,521)**	703,115
Von der Heyden Development Sp. z o.o. (unaudited)	**1,681,389**	2,367,072	**(671,157)**	2,945,117
Timan Investments España S.L. (unaudited)	**(1,073,676)**	(853,461)	**(220,214)**	1,228,599
Urbelia Business S.L. (unaudited)	**-**	(188,742)	**-**	(73,788)
Lvant Prospects Limited (unaudited)	**1,500**	-	**-**	-
Villa Diodati S.R.L. (unaudited)	**(36,193)**	-	**(46,193)**	-

NOTES TO THE FINANCIAL STATEMENTS - continued

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
At equity method/fair value				
At 1 January	**3,600,593**	24,674,525	**3,646,183**	24,933,354
Additions	**295,829**	-	**345,829**	-
Dividends received	**(2,467,163)**	(22,204,471)	**-**	-
Return of share premium	**-**	(1,990,301)	**-**	(1,300,769)
Share in profits of associates	**1,408,998**	3,120,840	**-**	-
Share in other comprehensive income of associates	**512,281**	-	**-**	-
Impairment charge	**(369,770)**	-	**(295,828)**	-
Change in fair value	**-**	-	**(941,348)**	(19,986,402)
At 31 December	**2,980,768**	3,600,593	**2,754,836**	3,646,183

The Company accounts for its investments in associates at fair value, details of which are disclosed in Note 32. The decrease in fair value for both 2021 and 2020 followed the dividend distribution undertaken by one of the associates which is recorded in profit and loss for the year

16.1. Details of associates

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

Name	Principal activities	Domicile	Equity interest* (%) 2021	Equity interest* (%) 2020
Bogenhausener Tor Immobilien Sarl	Property developer	Luxembourg	**37.75**	37.75
KASA Investments GmbH	Investments	Germany	**49.58**	49.58
IBB Hammets Operations Limited	Restaurant	Malta	**50.00**	50.00
Plaza Explanada S.L.	Property holding	Spain	**50.00**	50.00
Mimi Reed International Limited	Retail	Malta	**40.00**	40.00
DGDV Capital Lda.	Investments	Portugal	**25.00**	25.00
Von der Heyden Group Real Estate Services S.R.L.	Real estate services	Italy	**50.00**	50.00
Urbelia Business S.L.	Fuel stations	Spain	**50.00**	-
Blulabel Limited	Technology start-up	England	**31.50**	-

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

16. INVESTMENT IN ASSOCIATES - continued

16.2. Summarised financial information of associate undertakings

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

	Bogenhau-sener Tor Immobilien Sarl	Plaza Explanada S.L.	Urbelia Business S.L.	KASA Investments GmbH	IBB Hammetts Operations Limited	DGDV Capital Lda.	Mimi Reed International Ltd	Von der Heyden Group Real Estate Services S.R.L.	Blulabel Limited *
	2021	2021	2021	2021	2021	2021	2021	2021	2021
	€	€	€	€	€	€	€	€	€
Revenue	(1,982,573)	34,500	2,388,771	80,705	1,934,344	-	9,670	171,057	-
Profit (loss) for the year	5,464,932	54,904	2,426	64,630	(49,260)	(16,016)	(68,782)	21,788	(87,279)
Other comprehensive income (loss)	-	-	1,024,560	-	-	-	-	-	-
Total comprehensive income (loss)	5,464,932	54,904	1,026,986	64,630	(49,260)	(16,016)	(68,792)	21,788	(87,279)
Share of profit for the year	1,348,290	27,452	1,213	32,043	-	-		-	
Share of other comprehensive income	-	-	512,281	-	-	-	-	-	-
Unrecognised share of losses in the associate for the year	-	-	-	-	(24,630)	(4,004)	(34,391)	10,894	-
Dividends received from the associate	2,467,163	-	-	-	-	-	-	-	-
Non-current assets	-	9,824	2,391,973	500,000	513,393	-	29,509	-	-
Current assets	17,165,164	739,195	112,726	690,003	459,967	976,275	52,365	115,165	26,300
Non-current liabilities	-	(103,670)	(1,434,659)	(812,969)	(646,000)	(865,000)	-	-	-
Current liabilities	(8,901,174)	(1,822)	(190,937)	(18,639)	(898,585)	(166,378)	(230,879)	(161,654)	(103,579)
Equity	8,263,990	643,527	879,103	358,395	(571,225)	(55,103)	(149,005)	(46,489)	(77,279)
Group's share in equity	2,041,760	321,764	439,552	177,692	(285,613)	(13,776)	(59,602)	(23,245)	(24,343)
Goodwill	-	-	73,942	-	-	-	-	-	295,829
Cumulative unrecognised share of losses in associates	-	-	-	-	310,613	14,026	55,602	28,245	24,343
Impairment		-	(73,942)	-	(25,000)	(250)	(4,000)	(5,000)	(295,828)
Other adjustments	-	-	-	-	-	-	-	-	-
Carrying amount of the investment	2,041,760	321,764	439,552	177,692	-	-	-	-	-

** Based on latest available management accounts dated 31 October 2020*

NOTES TO THE FINANCIAL STATEMENTS - continued

16. INVESTMENT IN ASSOCIATES – continued

16.2. Summarised financial information of associate undertakings – continued

	Bogenhau-sener Tor Immobilien Sarl	Plaza Explanada S.L.	Urbelia Business S.L.	KASA Investments GmbH	IBB Hammetts Operations Limited	DGDV Capital Lda.	Mimi Reed International Ltd	Von der Heyden Group Real Estate Services S.R.L.	Blulabel Limited
	2020	2020	2020	2020	2020	2020	2020	2020	2020
	€	€	€	€	€	€	€	€	€
Revenue	625,757	30,500	-	1,275,878	-1,471,059	-	-	62,432	-
Profit (loss) for the year	6,695,071	18,104	-	1,019,543	(271,336)	(17,197)	(90,223)	(78,277)	-
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	6,695,071	18,104	-	1,019,543	(271,336)	(17,197)	(90,223)	(78,277)	-
Group's share of profit (loss) for the year	2,960,139	15,052	-	145,649	-	-	-	-	-
Unrecognised share of losses in the associate for the year	-	-	-	-	(135,668)	(4,299)	(36,089)	(39,139)	-
Dividends received from the associate	22,204,471	-	-	-	-	-	-	-	-
Non-current assets	-	689,823	-	500,000	618,411	-	30,677	-	-
Current assets	42,582,571	8,652	-	1,012,956	294,344	830,208	69,960	56,856	-
Non-current liabilities	-	(90,303)	-	(79,125)	(646,000)	(843,431)	(5,682)	-	-
Current liabilities	(29,783,513)	(19,549)	-	(1,140,066)	(788,720)	(25,864)	(175,178)	(125,133)	-
Equity	12,799,058	588,623	-	293,765	(521,965)	(39,087)	(80,223)	(68,277)	-
Group's share in equity	3,160,632	294,312	-	145,649	(260,983)	(9,772)	(32,089)	(34,139)	-
Goodwill	-	-	-	-	-	-	-	-	-
Cumulative unrecognised share of losses in associates	-	-	-		285,983	10,022	36,089	39,139	-
Impairment	-	-	-	-	(25,000)	(250)	(4,000)	(5,000)	
Other adjustments	-	-	-	-	-	-	-	-	-
Carrying amount of the investment	3,160,633	294,312	-	145,649	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued

17. LOANS AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Non-current				
Amounts owed by ultimate beneficial owner (i)	**-**	19,324	**-**	-
Amounts owed by ultimate parent company (ii)	**3,500,000**	4,000,000	**-**	
Amounts owed by group companies (ii)	**-**	-	**18,510,099**	9,353,260
Amounts owed by associates and other related parties (iii)	**2,016,074**	1,977,420	**420,074**	548,341
Amounts owed by third parties (iv)	**1,135,498**	1,450,371	**38,750**	40,550
Prepayments	**3,272**	36,401	**-**	-
	6,654,844	7,483,516	**18,968,923**	9,942,151
Current				
Amounts owed by third parties (v)	**7,059,523**	-	**-**	-

i. The amounts owed by the ultimate beneficial owner are unsecured, bear interest of 4.5% per annum and are not repayable within twelve months from the end of reporting period.

ii. The amounts owed by parent and group companies are unsecured, subject to interest rates ranging between 4.4% and 8% per annum and have maturity dates ranging from 31 August 2023 to 2 June 2025. The Company's amounts owed by group companies as at 31 December 2021 are shown net of provision for impairment of financial assets amounting to €3,262,824 (2020: €2,720,830) (see Note 28).

iii. The amounts owed by associates and other related companies are unsecured, subject to interest rates ranging between 5% and 7.5% per annum and have maturity dates ranging from 15 November 2023 to 1 April 2024.

iv. The amounts owed by third parties are unsecured, bear interest at the rate of 5% per annum and have maturity dates ranging from 31 December 2023 to 31 December 2025.

v. This receivable, acquired through the special purpose vehicle (Note 3.5), was categorised as POCI upon acquisition as the borrower was in breach of the contract provisions. Furthermore, the receivable was acquired for a discounted price of €6m. The receivable was recognised at its fair value which was determined to be €7.1m, equal to the contractual inflows of the instrument, in view of its collateral. The receivable is secured by a first ranking privileged and hypothec linked to a hotel property in Italy valued at over €11m. The Group is currently executing the process of calling in on the collateral. The difference between the transaction price and the fair value was initially deferred and taken to profit or loss over the expected time of cash flows realisation (Note 8).

NOTES TO THE FINANCIAL STATEMENTS - continued

18. OTHER FINANCIAL ASSETS

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Financial assets at fair value through profit or loss				
Balance at beginning of the year	**861,521**	-	**1,538,360**	-
Additions	**1,053,034**	1,367,764	**1,148,462**	2,040,640
Disposals	**-**	(447,339)	**-**	(447,339)
Transferred to investment in associates	**(111,745)**	-	**(111,745)**	-
Fair value movement	**(8,828)**	(58,904)	**(1,774)**	(54,941)
Balance at end of the year	**1,793,982**	861,521	**2,573,303**	1,538,360

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

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Other financial assets				
Balance at beginning of the year	**220,371**	220,371	**-**	-
Movement	**(90,793)**	-	**-**	-
	129,578	220,371	**-**	-

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

19. INVENTORIES

The Group's inventories as at 31 December 2021 mainly pertains to food and beverage supplies and materials for room amenities and housekeeping at the Group's hotels.

The Group's inventories as at 31 December 2020 mainly pertains to food and beverage supplies and materials for room amenities and housekeeping at the Group's hotels as well as fuel stocks in the Group's fuel stations.

The Company had no inventories as at 31 December 2021 (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS - continued

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Trade receivables from third parties (i)	**828,389**	640,507	**4,818**	4,818
Trade receivables from related parties (i)	**429,610**	530,063	**-**	-
Amounts owed by third parties (ii)	**67,788**	1,514,978	**54,812**	1,854,188
Amounts owed by group companies (iii)	**-**	-	**5,241,629**	1,760,471
Amounts owed by associate and other related parties (iii)	**688,926**	150,100	**580,331**	194,892
Amounts owed by ultimate parent company (iii)	**175,878**	29,333	**-**	-
Amounts owed by ultimate beneficial owner (iv)	**721,252**	610,766	**225,000**	482,960
Amounts owed by directors (v)	**30,000**	30,025	**30,000**	30,000
Advance payments to suppliers/deposits	**726,372**	421,140	**-**	-
Other receivables	**258,796**	764,279	**-**	-
Accrued interest income	**102,878**	90,911	**16,988**	27,145
Prepayments	**196,118**	135,462	**21,858**	5,665
VAT receivable	**1,071,740**	856,549	**-**	-
	5,297,747	5,774,113	**6,175,436**	4,360,139

i. Trade receivables of the Group are stated net of expected credit loss allowance of €130,380 (2020: €130,380). Trade receivables of the Company are stated net of expected credit loss allowance of €86,467 (2020: €86,467) (Note 28). Analysis of trade receivables past due is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
0 – 30 days	**677,440**	586,347	**-**	-
31 – 60 days	**39,708**	35,543	**-**	-
61 – 90 days	**60,510**	23,801	**-**	-
90+ days	**480,341**	524,879	**4,818**	4,818
	1,257,999	1,170,570	**4,818**	4,818

ii. The amounts owed by third parties are unsecured, subject to interest ranging between interest-free and 5.0%. These are repayable on demand. Expected credit loss allowance on these receivables in the Group and the Company's accounts as at 31 December 2021 amounted to €121,301 (2020: €116,301) (Note 28).

iii. The amounts owed by ultimate parent company, group and associate companies as well as other related parties are unsecured and subject to interest rate ranging between 4.5% to 8.0%. The amounts are repayable on demand. Expected credit loss allowance as at 31 December 2021 on these receivables in the Group amounted to €163,151 (2020: €158,244) and €673,359 (2020: €158,244) in the Company (Note 28).

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

21. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Cash at bank (i)	**16,693,366**	27,754,188	**9,246,077**	11,207,360
Cash on hand	**157,459**	65,592	**314**	-
Other cash and cash equivalents (ii)	**274,079**	85,866	**274,079**	85,866
	17,124,904	27,905,646	**9,520,470**	11,293,226

i. The Company has provided a guarantee of €6,800,000 (2020: €6,800,000) for rights and claims arising from loans against a related party.

ii. The Group's and Company's other cash and cash equivalents represent amounts held with brokers which are of a current nature.

22. EQUITY AND RESERVES

22.1. Share capital

	2021	2020
	€	€
Authorised		
20,000,000 Ordinary A shares of €1 each	**20,000,000**	20,000,000
30,000,000 Ordinary B shares of €1 each	**30,000,000**	30,000,000
	50,000,000	50,000,000
Issued and paid-up		
3,249,924 Ordinary A shares, fully paid-up	**3,249,924**	3,249,924
554,717 Ordinary B shares, fully paid-up	**554,717**	554,717
	3,804,641	3,804,641

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

22.2. Share premium

The share premium arising on the issue of shares of the Company is equal to €4,445,283 (2020: €4,445,283).

22.3. Retained earnings

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

NOTES TO THE FINANCIAL STATEMENTS - continued

22. EQUITY AND RESERVES - continued

22.4. Other reserves

The Group's other reserves is mainly composed of a revaluation reserve of €3,868,401 (2020: €2,867,269), a capital reserve of €235,023 (2020: €235,023), share in other comprehensive income of associates of €512,281 (2020: €Nil) and a merger reserve of €261,402 (2020: €261,402) (Note29).

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

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

22.5. Currency translation reserve

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

23. BORROWINGS

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Non-current				
Bank borrowings (i)	**13,840,606**	10,677,541	**-**	-
Loans from group companies (ii)	**-**	-	**11,493,750**	3,993,750
Loans from associate companies (ii)	**72,632**	72,632	**72,632**	72,632
Loans from other related parties (ii)	**3,611,678**	2,819,532	**-**	-
Loans from third parties (iii)	**-**	418,283	**-**	121,617
Other borrowings	**241,028**	137,761	**-**	-
	17,765,944	14,125,749	**11,566,382**	4,187,999
Current				
Bank borrowings (i)	**643,395**	4,606,827	**-**	-
Loans from group companies (ii)	**-**	-	**25,010**	25,010
Loans from other related parties (ii)	**268,191**	485,079	**-**	-
Loans from third parties (iii)	**5,924,370**	819,407	**773,200**	772,556
Other borrowings	**-**	56	**-**	-
	6,835,956	5,911,369	**798,210**	797,566

i. The bank borrowings are pledged by special hypothecs on the properties and bear variable interest at rates ranging from 2.1% to 4.5% per annum. A €4.3 million loan is also secured by a pledge on the shares of two subsidiary undertakings.

   One of the subsidiaries of the Group has a financial covenant requirement to maintain a minimum Debt Service Cover Ratio of 1.4. As at 31 December 2021 and 2020, due to the impact of Covid-19, the ratio was below this requirement. In 2020 the outstanding loan of €4.3 million was classified as current also in view of its maturity date. In 2021 the entity has re-financed the loan with a maturity date in 2024 and obtained a waiver in respect of this covenant.

NOTES TO THE FINANCIAL STATEMENTS - continued

23. BORROWINGS - continued

ii. The loans from parent company, group companies, associates and other related companies are unsecured and bear interest at rates ranging from 4.4% to 7.5% per annum. Loans mature on dates ranging from 31 December 2022 to 31 December 2023. The increase in loans from group companies of the Company of €7.5m relates to an additional facility provided by one of the subsidiaries and was utilised to fund new investments.

iii. Except as disclosed below, the loans from third parties are unsecured and bear interest at rates ranging from 2.98% to 6% per annum. Included within the current loan is €1.4m in Government Grants received for which conditions are not year fully satisfied. As disclosed in Note 30, such amounts are interest free.

24. DEBT SECURITIES IN ISSUE

During 2017, a subsidiary company issued an aggregate principal amount of €25 million Bonds (2017 – 2024), having nominal value of €1,000. The bonds bear interest of 4.4% per annum and will mature on 8 March 2024. These bonds are unsecured and subject to the terms and conditions in the prospectus dated 30 January 2017. The bond is traded on the Malta Stock Exchange with a trading symbol of VH24A and International Securities Identification Number (ISIN) MT0001401208. The quoted market price as at 31 December 2021 was 100.93 (2020: 100).

The Company, TIMAN Investments Holdings Limited, has provided a corporate guarantee in favor of the bondholders to affect the due and punctual performance of all payment obligations undertaken by the subsidiary under the Bonds if it fails to do so. Also, the Company has provided a corporate guarantee in favor of Von der Heyden Group Finance P.L.C. (VDHGF) to affect the due and punctual performance of all the payment obligations undertaken by the related party borrowers under VDHGF's loans if the said borrowers fail to do so.

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

	Group	
	2021	2020
	€	€
Proceeds	**25,000,000**	25,000,000
Issue costs	**(283,535)**	(283,535)
Bonds held by the Company (not cancelled)	**(746,000)**	(650,082)
Accumulated amortisation	**200,275**	158,645
	24,170,740	24,225,028

NOTES TO THE FINANCIAL STATEMENTS - continued

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Trade payables to third parties	**894,692**	1,221,657	**43,148**	34,900
Trade payables to associates	**168,860**	512	**-**	-
Trade payables to group companies	**-**	-	**24,233**	53,273
Trade payables to other related parties	**-**	61,039	**-**	-
Amounts owed to third parties	**1,311,045**	21,860	**1,307,832**	-
Amounts owed to group companies (i)	**-**	-	**744,357**	161,086
Amounts owed to associates (i)	**9,824**	-	**9,824**	1,362
Amounts owed to ultimate beneficial owner (i)	**21,303**	135,886	**21,303**	21,303
Amounts owed to other related parties (i)	**-**	1,362	**-**	-
Other taxes and social security contributions	**343,439**	318,076	**15,885**	8,227
Advance payments received from customers (ii)	**114,698**	255,788	**-**	-
Other payables	**696,166**	766,844	**-**	-
Accruals	**1,509,572**	1,405,677	**75,246**	4,800
VAT payable	**433,362**	254,091	**-**	-
	5,502,961	4,442,792	**2,241,828**	284,945

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

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

26. LEASES

As at 31 December 221, the Group had 8 ongoing contracts for leases of properties for hotel operations and for office use where it is the lessee (2020: 10). The Company does not have financial commitments under non-cancellable leases of properties or other assets where it is the lessee.

The Group's leases were discounted at incremental borrowing rates between 2.69% and 4.53%. The weighted average rate applied is 3.47%.

26.1. Right-of-use assets

	Group	
	2021	2020
	€	€
At 1 January	**36,781,943**	41,167,010
Additions	**-**	8,531,833
Depreciation charge	**(3,086,124)**	(3,751,700)
Derecognition of right-of-use	**(312,962)**	(9,165,200)
Remeasurement of right-of-use (Note 33)	**(1,978,616)**	
At 31 December	**31,404,241**	36,781,943

NOTES TO THE FINANCIAL STATEMENTS - continued

26. LEASES - continued

26.2. Lease liabilities

	Group	
	2021	2020
	€	€
At 1 January	**40,231,766**	41,878,441
Additions	**-**	8,531,833
Interest accretion	**1,204,427**	1,358,965
Payments	**(4,161,962)**	(1,250,853)
Lease concessions (Note 2.19)	**(1,155,517)**	(936,770)
Derecognition of lease liabilities	**(327,510)**	(9,349,850)
Remeasurement of lease liabilities (Note 33.3)	**(2,514,538)**	-
At 31 December	**33,276,666**	40,231,766
Non-current	**30,505,626**	35,172,656
Current	**2,771,040**	5,059,110
	33,276,666	40,231,766

The maturity analysis of the undiscounted lease liabilities is disclosed in Note 28.

26.3. Amounts recognised in profit or loss

	Group	
	2021	2020
	€	€
Income		
Lease concessions and rebates	**1,155,517**	936,770
Remeasurement of right-of-use and lease liability	**535,922**	-
Gain on discontinuation of leases	**-**	514,648
Expenses		
Depreciation of right-of-use	**3,086,124**	3,751,700
Interest expense on lease liabilities	**1,204,427**	1,358,965
Variable lease payments	**-**	194,528
Short-term and low-value leases and related expenses	**355,020**	152,053

26.4. Other disclosures related to leases

The Group had total cash outflows for leases amounting to €4,516,982 (2020: €1,597,434).

The Group has leases for hotel properties that contains variable lease payments based on the performance of the property. The variable lease payments are due only when the amount of a percentage of revenue exceeds the determined fixed lease payments. The fixed element under these leases amounted to €2,931,458 (2020: €1,985,904). A five percent increase in revenue from these hotel properties would not result in any impact on the total lease payments as the resulting calculation would be below the fixed portion.

Extension options considered by management are disclosed in Note 3.3.

NOTES TO THE FINANCIAL STATEMENTS - continued

27. RELATED PARTY TRANSACTIONS

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

During the year then ended, the Group entered into the following transactions with non-consolidated related parties. Amounts due from and to related parties are disclosed in Notes 17, 20,23 and 25 respectively. Amounts due or payable to related parties are classified within trade and other receivables and trade and other payables when determined by management to be of a current account nature. The guarantee provided by the Company to one of its subsidiaries is disclosed in Note 24.

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Transactions with ultimate parent company				
Interest income	**175,878**	184,250	**-**	-
Interest expense	**-**	13,934	**-**	-
Transactions with ultimate beneficial owner				
Interest income	**7,469**	25,327	**-**	-
Interest expense	**-**	27,165	**-**	-
Transactions with group companies				
Interest income	**-**	-	**1,081,840**	457,327
Interest expense	**-**	-	**661,970**	186,656
Operating expenses	**-**	-	**83,185**	76,504
Transactions with other related parties				
Interest income	**170,385**	251,580	**121,202**	132,661
Interest expense	**209,795**	516,708	**5,463**	496,490

Key management compensation

	Group		Company	
	2021	2020	**2021**	2020
	€	€	**€**	€
Director's fees and remuneration	**1,429,289**	7,896,687	**139,901**	145,568

During 2020, a variable contractual compensation of €6.0 million was paid to one of the Directors' of the Group in relation to the management and successful execution of a major project of the Group. Amounts due from directors are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS - continued

28. FINANCIAL INSTRUMENTS

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

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

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

28.1. Timing of cash flows

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

28.2. Capital risk management

The Group and the Company manage their capital to ensure that they will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's and the Company's strategies are expected to remain unchanged in the foreseeable future. The capital structure of the Group and the Company consists of debt, which includes the borrowings as disclosed in Notes 23 and 24, and equity attributable to equity holders, comprising issued share capital, reserves and retained earnings as disclosed in Note 22 to these financial statements and in the statement of changes in equity.

28.3. Credit risk

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

Other financial assets and bank balances

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

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

Trade and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS - continued

28. FINANCIAL INSTRUMENTS – continued

28.3. Credit risk - continued

Loans and other receivables

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

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

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

At 31 December 2021	**Group**		
	Gross carrying amount	**Allowance**	**Net carrying amount**
	€	**€**	**€**
By classification			
Loans and other receivables	**13,714,367**	**-**	**13,714,367**
Trade and other receivables	**5,712,579**	**(414,832)**	**5,297,747**
	19,426,946	**(414,832)**	**19,012,114**
By impairment analysis			
12-month ECL (low credit risk)	**9,753,230**	**(130,380)**	**9,622,850**
Lifetime ECL	**2,329,741**	**-**	**2,329,741**
Credit-impaired	**284,452**	**(284,452)**	**-**
POCI (i)	**7,059,523**	**-**	**7,059,523**
	19,426,946	**(414,832)**	**19,012,114**

At 31 December 2020	**Group**		
	Gross carrying amount	**Allowance**	**Net carrying amount**
	€	**€**	**€**
By classification			
Loans and other receivables	7,483,516	-	7,483,516
Trade and other receivables	6,179,038	(404,925)	5,774,113
	13,662,554	(404,925)	13,257,629
By impairment analysis			
12-month ECL (low credit risk)	11,211,950	(130,380)	11,081,570
Lifetime ECL	2,176,059	-	2,176,059
Credit-impaired	274,545	(274,545)	-
	13,662,554	(404,925)	13,257,629

i. No ECL is being recognised on POCI financial assets in view of collateral held (Note 17).

NOTES TO THE FINANCIAL STATEMENTS - continued

28. FINANCIAL INSTRUMENTS - continued

28.3. Credit risk - continued

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

At 31 December 2021	Company		
	Gross carrying amount	Allowance	Net carrying amount
	€	€	€
By classification			
Loans and other receivables	**22,231,747**	**(3,262,824)**	**18,968,923**
Loans and other receivables (as Guarantor of a Group Company)	**11,046,715**	**-**	**11,046,715**
Trade and other receivables	**6,970,096**	**(794,660)**	**6,175,436**
	40,248,558	**(4,057,484)**	**36,191,074**
By impairment analysis			
12-month ECL (low credit risk)	**36,272,723**	**(86,467)**	**36,186,256**
Lifetime ECL (simplified approach)	**4,818**	**-**	**4,818**
Lifetime ECL (not credit-impaired)	**-**	**-**	**-**
Credit-impaired	**3,971,017**	**(3,971,017)**	**-**
	40,248,558	**(4,057,484)**	**36,191,074**

At 31 December 2020	Company		
	Gross carrying amount	Allowance	Net carrying amount
	€	€	€
By classification			
Loans and other receivables	12,662,981	(2,720,830)	9,942,151
Loans and other receivables (as Guarantor of a Group Company)	11,644,579	-	11,644,579
Trade and other receivables	4,715,486	(361,012)	4,354,474
	29,023,046	(3,081,842)	25,941,204
By impairment analysis			
12-month ECL (low credit risk)	26,022,853	(86,467)	25,936,386
Lifetime ECL (simplified approach)	4,818	-	4,818
Lifetime ECL (not credit-impaired)	-	-	-
Credit-impaired	2,995,375	(2,995,375)	-
	29,023,046	(3,081,842)	25,941,204

NOTES TO THE FINANCIAL STATEMENTS - continued

28. FINANCIAL INSTRUMENTS - continued

28.4. Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bond proceeds, bank loans, lease contracts and bank overdrafts. The Group's policy is that not more than 25% of borrowings should mature in the next 12-month period. Approximately 13% of the Group's debt will mature in less than one year at 31 December 2021 (2020: 13%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

At 31 December 2021	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	€	**€**	**€**	**€**	**€**	**€**
Interest-bearings loans (excluding items below)	**-**	**490,250**	**6,593,816**	**8,902,315**	**7,942,489**	**23,928,870**
Debt securities in issue	**-**	**1,067,176**	**-**	**27,134,352**	**-**	**28,201,528**
Lease liabilities	**-**	**678,535**	**2,092,505**	**10,473,049**	**31,743,780**	**44,987,869**
Trade and other payables	**1,059,364**	**533,740**	**-**	**-**	**-**	**1,593,104**
	1,059,364	**2,769,701**	**8,686,321**	**46,509,716**	**39,686,269**	**98,711,371**

At 31 December 2020	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	€	**€**	**€**	**€**	**€**	**€**
Interest-bearings loans (excluding items below)	-	3,339,399	1,628,815	4,530,307	12,719,180	22,217,701
Debt securities in issue	-	1,067,176	-	28,201,528	-	29,268,704
Lease liabilities	2,048,888	919,107	3,338,913	12,520,850	34,476,267	53,304,025
Other financial liabilities	31,125	11,695	38,117	77,751	-	158,688
Trade and other payables	1,128,205	461,349	1,973,220	-	-	3,562,774
	3,208,218	5,798,726	6,979,065	45,330,436	47,195,447	108,511,892

28.5. Excessive risk concentration

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

28. FINANCIAL INSTRUMENTS - continued

28.6. Foreign currency risk

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

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

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

	Effect on the Group's total comprehensive income	
	2021	2020
	€'000	€'000
Change in PLN versus € rate by +5%	**(786)**	(727)
Change in PLN versus € rate by −5%	**517**	804

28.7. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. The interest rates on the borrowings are disclosed in Note 23.

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

	Effect on the Group's profit before tax	
	2021	2020
	€'000	€'000
Change in basis points by +100	**(145)**	(153)
Change in basis points by −50	**72**	76

28.8. Fair value measurement of financial assets

At 31 December 2021 and 2020, financial assets at fair value through profit and loss were based on level 1 inputs, whereas the other financial assets are measured at fair value based on level 3 inputs. The different levels in the fair value hierarchy are defined in Note 2.

Fair value information is not presented for financial assets and financial liabilities which are not measured at fair value if their carrying amount is a reasonable approximation of fair value. As at 31 December 2021 and 2020, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current interest-bearing loans and borrowings approximated their fair values in view of the nature of the instruments or their short-term maturity. The fair value of non-current loans is not materially different from their carrying amounts particularly due to re-pricing. The fair values of non-current unsecured loans can be defined by reference to the quoted market price as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS - continued

29. BUSINESS COMBINATION AND DECONSOLIDATION

29.1. Step acquisition of Gzira 14 East Limited

In 2020, the Group acquired 85.4% in the shares of Gzira 14 East Limited, a previous related party to the group previously owned by the same ultimate shareholders.

The carrying amount of the assets and liabilities as at acquisition date were as follows:

	€
Assets	
Property, plant and equipment	83,188
Trade and other receivables	88,021
Cash and cash equivalents	198,078
Total assets	**369,287**
Liabilities	
Trade and other payables	(61,755)
Net identifiable assets	**307,532**
Non-controlling interest at acquisition date	(46,130)
Net assets acquired	**261,402**
Consideration paid	-
Other reserves (Note 22)	**261,402**

On 31 December 2020, the Group acquired the remaining 14.6% shares of Gzira 14 East Limited, increasing its ownership interest to 100%. As no consideration was paid to the non-controlling shareholders, the carrying value of the additional interest acquired of €45,937 was recognised directly in retained earnings.

29.2. Deconsolidation of Urbelia

During the year ended 31 December 2021, the Group lost control in Urbelia Business S.L. and consequently, the Group deconsolidated the net assets of Urbelia Business S.L. and of its subsidiaries from these consolidated financial statements as at the date when the control was lost.

The carrying amount of the assets and liabilities as at the date when the controls was lost are as follows:

	€
Assets	
Property, plant and equipment	**677,124**
Right-of-use	**312,962**
Trade and other receivables	**166,750**
Inventories	**41,171**
Total assets	1,198,007
Liabilities	
Borrowings	**(503,762)**
Trade and other payables	**(135,637)**
Lease liability	**(327,510)**
Total liabilities	(966,909)
Net identifiable assets	**231,098**
Non-controlling interest at acquisition date	**99,115**
Net assets deconsolidated	330,213

NOTES TO THE FINANCIAL STATEMENTS - continued

29. BUSINESS COMBINATION AND DECONSOLIDATION - continued

29.2 Deconsolidation of Urbelia - continued

Consideration and received and resulting gain on deconsolidation of the subsidiaries are as follows:

	€
Consideration	
Cash received	**19,000**
Fair value of retained investment	**-**
Net receivables recognised upon deconsolidation	**549,924**
Total consideration	**568,924**
Net assets deconsolidated	**(330,213)**
Gain on deconsolidation of subsidiaries	**238,711**

30. GOVERNMENT GRANTS

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

Government grants received, and for which conditions have been fully satisfied, are reported as income and are disclosed in Note 7. Government grants received and for which conditions are not yet fully satisfied, due to the twelve-month period which expires in May 2022, are reported as liabilities within current loans from third parties and amounted to €1,396,815 (2020: €708,785).

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1. Commitments

At 31 December 2020, the Group had commitments of €1.3 million to acquire a real estate property in Italy for the purpose of restoring and reselling. The Group has successfully acquired the property in 2021 and is included in the investment property as at 31 December 2021.

31.2. Contingent liabilities

The Group has initiated arbitration procedures with one of the Hotel landlords over a dispute of leases to be paid. The landlords have also submitted a counter claim for approximately €1.1 million. The dispute has been resolved during the year and a settlement agreement has been reached including the termination of the lease and the consequential transfer of hotel operations to a new operator (Note 33.3).

NOTES TO THE FINANCIAL STATEMENTS - continued

32. FAIR VALUE MEASUREMENT

32.1. Land & buildings and investment properties

The Group's land and buildings are classified as either property, plant and equipment or investment property depending on their intended use. Land and buildings are revalued by professionally qualified architects or surveyors on the basis of assessments of the fair value of the property in accordance with international valuations standards and professional practice (Notes 13 and 14).

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

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

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

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

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

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

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

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

Particulars	Valuation technique	Significant unobservable inputs	Range	Narrative sensitivity
Land and building	Income approach	Discount rate	6.90% - 8.25%	The higher the discount rate, the lower the fair value
Yacht	Asset-based	Price per square meter	€68/sqm to €88/sqm	The higher the price per sqm, the higher the fair value
Investment property	Asset-based	Price per square meter	€100/sqm to €590/sqm	The higher the price per sqm, the higher the fair value
	Income approach	Discount rate	6.5% - 10.75%	The higher the discount rate, the lower the fair value

NOTES TO THE FINANCIAL STATEMENTS - continued

32. FAIR VALUE MEASUREMENT - continued

32.2. Investment in associates

The Company accounts for its investments in associates at fair value (Note 16) using the asset-based approach by reference to the net asset value of the respective entities. The Company's investment in associates has been determined to fall within level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 2. The decrease in fair value during the year followed the dividend distribution undertaken by one of the associates which is recorded in profit and loss for the year.

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

32.3. Investment in subsidiaries

The Company accounts for its investments in subsidiaries at fair value (Note 15). It uses different methods to value its investments, mainly the discounted projected cash flows approach in the case of operating companies and the asset-based approach in the case of companies holding properties.

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

	Company	
	2021	2020
	€	€
Discounted cash flows approach	**5,033,058**	5,510,541
Asset-based approach	**8,701,632**	8,770,300
	13,734,690	14,280,841

Discounted cash flows ("DCF") approach

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

Asset-based approach

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

NOTES TO THE FINANCIAL STATEMENTS - continued

32. FAIR VALUE MEASUREMENT - continued

32.3. Investment in subsidiaries - continued

Details of investment in subsidiaries by valuation technique

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

33. EVENTS AFTER THE END OF THE REPORTING PERIOD

33.1. War in Ukraine

On 24 February 2022, Russian troops started invading Ukraine. The ongoing military operation has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. The Russian invasion of Ukraine has also resulted to sanctions by the international community being imposed on Russia.

The war in Ukraine is a post-balance sheet, non-adjusting event in these financial statements since it occurred after the end of the reporting period and the significant adverse in economic conditions and the political/business environment developed as a direct consequence of events occurring after the reporting date.

The Group has a subsidiary in Ukraine which is a licenced asset management company and was in the advanced stage of securing a licence for a real estate fund. The subsidiary is based in the capital city of Ukraine in Kiev and employs three members of staff whose families have been successfully evacuated, as male employees were legally required to stay and defend the country.

The Group's total equity investments over the past couple of years to the Ukrainian subsidiary amounted to €800,000 which were mainly used for setting up of its operations and securing the necessary licences. As at 31 December 2021, the carrying amount of the investment in the Company's financial statements revalued to €155,000 in line with subsidiary's net assets carried in these consolidated financial statements which amounts to €155,114, mainly representing restricted deposits with a Ukrainian bank. The Group sees no further financial exposure from the Ukrainian subsidiary other than the risk of not recovering the deposits with the Ukrainian bank should the situation further deteriorate.

NOTES TO THE FINANCIAL STATEMENTS - continued

33. EVENTS AFTER THE END OF THE REPORTING PERIOD - continued

33.1. War in Ukraine - continued

The Company's directors and management will continuously monitor the situation in Ukraine but due to the currently deteriorating economic situation in the country, the Group has put on hold its plans for the Ukrainian subsidiary. The Group has not committed to any real estate transactions in Ukraine and will only pursue this venture if there is a solid political solution, that includes some form of multi-national guarantees towards Ukrainian sovereign integrity and stability for the future. If that is not achieved in the forthcoming period, the Group will consider winding up its operations in Ukraine and surrendering the licence.

33.2. New investments

Separately, subsequent to year-end, one of the subsidiaries of the Group has entered into an agreement to purchase a property in Menorca, Spain.

33.3. IBB Hotel Andersia

After the end of the reporting period, the Group has ceased operating IBB Hotel Andersia in Poland. This came about after the Group has entered into a settlement agreement during 2021 with the lessor of Andersia Tower. As part of the settlement agreement, the Group ceased operating the hotel by end of March 2022 and transferred it to the new hotel operator. This has led to a remeasurement of the related right-of-use asset and corresponding lease liability as disclosed in Note 26. During the year 2021, the Group has still operated the hotel for the full year and its results are included in the Group's results.

The following table summarises the results of IBB Hotel Andersia for the periods presented in these financial statements and included in the Group's results:

	2021	2020
	€	€
Revenue	**3,071,119**	2,632,403
Other operating income	**1,597,437**	53,399
Operating expenses	**(4,083,514)**	(4,603,837)
Other gains	**537,842**	-
Net finance cost	**(71,766)**	(189,832)
Profit before tax	**1,051,118**	(2,107,867)
Taxation	**-**	-
Profit for the year	**1,051,118**	(2,107,867)
Other comprehensive income	**(326,165)**	(31,341)
Total comprehensive income	**724,953**	(2,139,208)

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Timan Investments Holdings Limited

Report on the audit of the separate and consolidated financial statements

Opinion

We have audited the separate and consolidated financial statements of Timan Investment Holdings Limited (the "Company" and together with its subsidiaries, the "Group"), set on pages 11 to 69, which comprise the separate and consolidated statements of financial position as at 31 December 2021, and the separate and consolidated statements of comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company as at 31 December 2021, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Timan Investments Holdings Limited - continued

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

Other information

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Timan Investments Holdings Limited - continued

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

Auditor's responsibilities for the audit of the financial statements - continued

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Timan Investments Holdings Limited - continued

Report on other legal and regulatory requirements

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

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

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

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

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

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

Ernst & Young Malta Limited
Certified Public Accountants

28 April 2022