VON DER HEYDEN
FINANCE

**Reference: VDHGF 94 – 2024**

**COMPANY ANNOUNCEMENT**

The following is a Company Announcement by Von der Heyden Group Finance p.l.c. [C 77266] (the 'Company') of 14 East, Level 8, Sliema Road, Gzira, GZR 1639, Malta pursuant to the Capital Markets Rules [CMR 5.16.20 & 5.74] issued by the Malta Financial Services Authority.

***QUOTE***

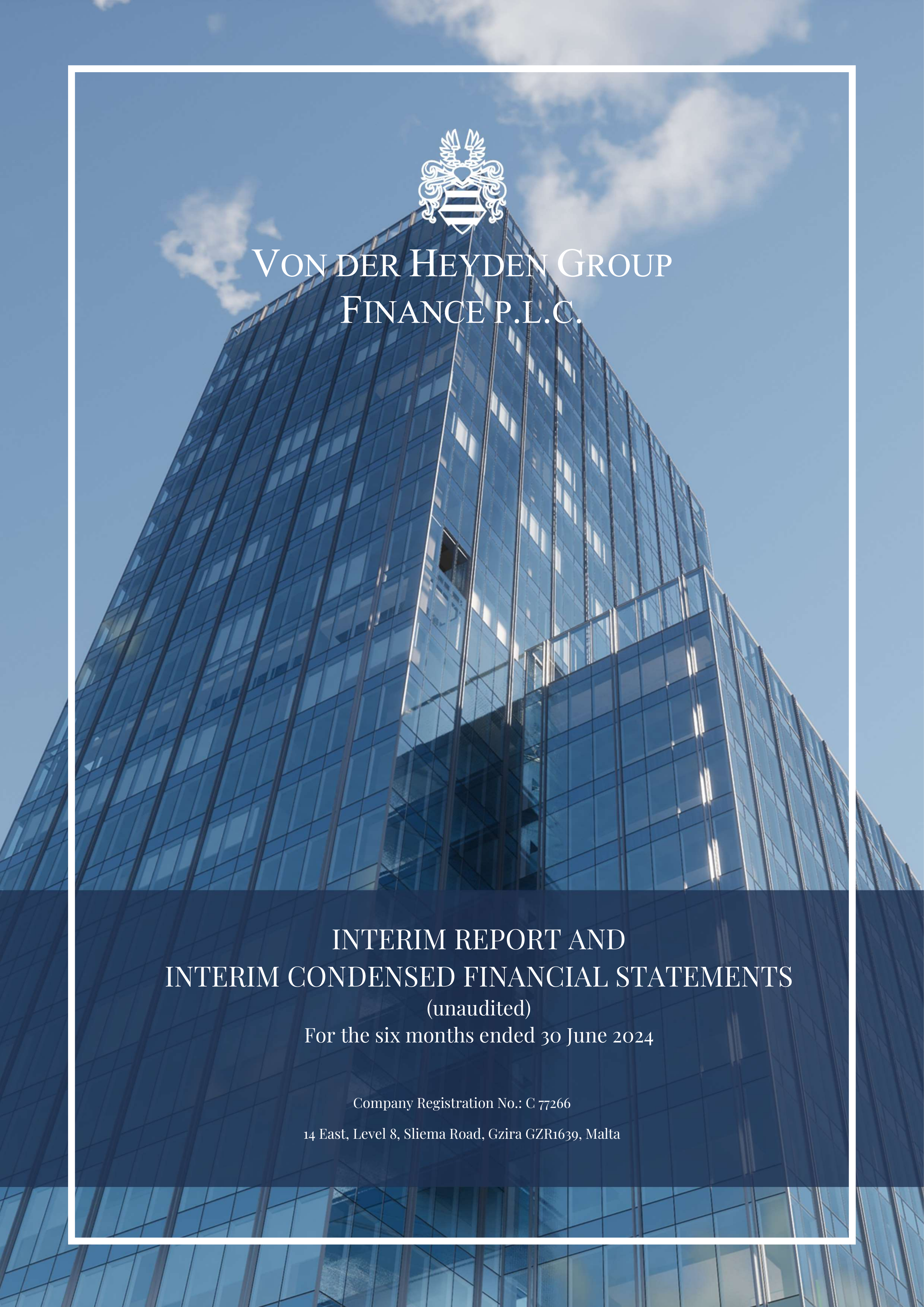
The Company hereby announces that during its Board Meeting held earlier today the Board of Directors of the Company has unanimously resolved to approve the unaudited Half-Yearly Report of the Company ending 30 June 2024.

The said Report is attached herewith and available for viewing on the Company's website at: *https://vonderheydengroup.com/investor-relations/*

***UNQUOTE***

**BY ORDER OF THE BOARD**

**Dr Nicholas Formosa**
Company Secretary
30 August 2024



# Von der Heyden Group Finance p.l.c.

## INTERIM REPORT AND INTERIM CONDENSED FINANCIAL STATEMENTS

(unaudited)

For the six months ended 30 June 2024

Company Registration No.: C 77266

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

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# Directors, officers and other information

| | |
|---|---|
| Registration | Von der Heyden Group Finance p.l.c. is currently registered as a public limited liability company in Malta under the Companies Act (Cap. 386) with registration number C 77266. |
| Directors | Mr. Antonio Fenech<br>Mr. Javier Errejon Sainz de la Maza<br>Mr. Joseph M. Muscat<br>Mr. Jozef B. Borowski<br>Dr. Karen Coppini |
| Company secretary | Dr. Nicholas Formosa |
| Registered office | 14 East, Level 8<br>Sliema Road<br>Gzira GZR1639<br>Malta |
| Auditors | Ernst & Young Malta Limited<br>Regional Business Centre<br>Achille Ferris Street<br>Msida MSD1751<br>Malta |
| Bankers | Lombard Bank Malta plc<br>67, Republic Street<br>Valletta VLT1117<br>Malta<br><br>HSBC Bank Malta plc<br>116 Archbishop Street<br>Valetta VLT1444<br>Malta |

# Interim Directors' Report

# Interim Directors' Report

The directors of the Company hereby present the interim report and the unaudited interim condensed financial statements for the six-month period ended 30 June 2024.

## Principal Activity

The Company has been established to act as a finance company through which the Von der Heyden Group, which the Company is a part of, will continue to finance its projects.

The Von der Heyden Group is principally 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.

## Principal Risks and Uncertainties

The Company is mainly dependent on the business prospects of the Von der Heyden Group, and consequently, the operating results of the Group have a direct effect on the Company's financial position and performance, including the ability of the Company to meet the obligations arising on the debt securities in issue.

The Company's assets consist principally of the amounts on-lent to the parent company and group undertakings and the accrued interest thereon. Therefore, the ability of these companies to affect payments to the Company of the amounts due will depend on their respective cash flows and earnings.

The parent company, TIMAN Investments Holdings Limited, has provided a corporate guarantee in favour of the bondholders and noteholders to affect the due and punctual performance of all payment obligations undertaken by the Company under the Listed Bonds and Private Notes if it fails to do so. Also, the parent company has provided a corporate guarantee in favour of the Company to affect the due and punctual performance of all the payment obligations undertaken by the related party borrowers under the Company's loans if the said borrowers fail to do so.

## Review of the business

During the period under review, the Company registered a net finance income of €246,872 (2023: €149,995). Finance income on the amounts advanced to the parent undertaking and to related entities amounts to €1,362,641 (2023: €1,055,846). Finance costs comprise of the interest payable on the outstanding debt securities in issue and the amortisation of the bond issue cost thereof amounting to €1,115,769 (2023: €905,851). Administrative expenses in the period under review comprise mainly of listing fees, audit and consulting fees, group service charges and directors' emoluments.

The Company, as the issuer of the bonds, does not have any substantial assets apart from the loans receivable from the parent company and other group undertakings. As at 30 June 2024, the Company had €33,101,834 (31 December 2023: €33,022,459) in loans receivable from the parent company, and €3,724,745 (31 December 2023: €3,724,745) from group undertakings. The increase in loans receivable from the parent company is attributable to the €79,375 outstanding accrued interest receivable from a related party assigned to the parent company during the period under review. During the same period, the parent company paid interest to the Company amounting to €1,664,133 (2023: €461,972)

Considering matters discussed in Note 6 to the interim condensed financial statements, the directors of the Company are of the opinion that the Company remains a going concern.

## Financial risk management

The Company's activities expose it to a variety of financial risks, including capital risk, credit risk, liquidity risk, interest rate risk and fair values. Refer to note 14 to the interim condensed financial statements.

## Related party transactions

During the six months period ended 30 June 2024, there have been no material related party transactions which have not been concluded under normal market conditions.

## Going Concern Statement Pursuant to Capital Market Rule 5.62

As at 30 June 2024, the Company has total debt securities in issue amounting to €40 million, which comprise of €35 million "Listed Bonds" and €5 million "Private Notes". The Listed Bonds, with nominal value of €100 each aggregating to €35 million, bear interest of 5% *per annum*, payable annually every 16 December, and have a redemption date of 16 December 2032. The Private Notes, which were issued in 2023, have an aggregate principal value €5 million, bear interest of 7.4% *per annum* payable annually every 22 September, and have a redemption date of 22 September 2026.

As disclosed in notes 8 and 11 to the interim condensed financial statements, TIMAN Investments Holdings Limited (the "Parent Company") provided a corporate guarantee in favour of the bondholders and in favour of the Company to affect the due and punctual performance of all payment obligations undertaken by Von der Heyden Group Finance p.l.c. under the bonds and all payment obligations by the related party borrowers to the Company, if they fail to do so.

The ability of the Company to meet its obligations, both in terms of servicing its debts and ultimately repaying the bondholders on the redemption date is dependent on the ability of the Company to collect amounts due from the parent company and group undertakings (note 8 and 9) and/or the ability of the Parent Company to perform its obligations under the corporate guarantee. Accordingly, management assesses the going concern of the Company by reference to the going concern of the Group.

As of the latest published financial statements of the Group for the year ended 31 December 2023, the current liabilities of the Group exceed its current assets by €19 million. Current liabilities include the AND² contractor financing amounting to €23.4 million and the €3.9 million bank loan relating to Lublin Hotel that was up for renewal in March 2024.

In May 2024, the Group successfully concluded the disposal of the receivables for €7.5 million that it had acquired in 2021 for €6.2 million through a special purpose vehicle in Italy. The receivable had a carrying value of €7.059 million, representing the initial capital and recognised accrued interest thereon. In addition, the commercial yacht, that was used for the charter business, was sold for €1.1 million in August 2024. To further improve the liquidity position of the Group, other peripheral assets to the Group's operations, including the properties in Mahon, Spain and Olbia, Italy, have been placed on the market for sale.

The Group is also nearing the conclusion of the extension of the above-mentioned €3.9 million Lublin Hotel bank loan facility for a further five years from March 2024. In agreement with the bank, the loan has in the interim been temporarily extended up to 30 September 2024 so as to enable the finalisation of the administrative procedures of the bank.

Moreover, after having already secured a senior bank lending facility for €55 million for the AND² office development in Poznan in 2022, multi-party re-negotiations have recommenced with the bankers due to the subsequent securing by the Group of a mezzanine facility of €16 million, as well as the changes in the composition of the senior bankers' lending consortium. The current tri-party discussions also address the settlement of the project financing provided by the turnkey contractor amounting to €25.5 million, up to the completion of Phase 1 core and façade works. The AND² tower on 31 December 2023 was valued at €61 million (2022: €35.82 million).

As of the date of this report, the tri-party re-negotiations are well advanced and a revised term sheet has been issued by the senior lending consortium of banks. The formal approval of the proposed facility by the credit committee of each of the three banks in the senior lending consortium is expected before the end of this year. Upon obtaining such approvals and meeting cash equity requirements, the €16 million mezzanine financing provided by a Polish financial institution shall then be released, allowing for the settlement of the turnkey contractor liabilities up to the Phase 1 works and for the commencement of Phase 2 mechanical and engineering works leading to expected completion of the project in early 2026.

# Interim Directors' Report - *continued*

## Going Concern Statement Pursuant to Capital Market Rule 5.62 - *continued*

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

As also indicated in the latest published financial statements of the Group, the Group's liquidity position constitutes a material uncertainty that may cast significant doubt on the Group's, and as a consequence, the Company's ability to continue as a going concern. Notwithstanding, the directors confirm that, based on the advanced discussions with the parties involved in the AND² project as reported above, including the issue of the revised term sheet by the three banks in the senior lending consortium, the upcoming credit committee approvals that will release the already sanctioned €16 million mezzanine funding and securing of a €55 million senior lenders loan facility commitment, it is reasonable to expect that the Group will meet its ongoing obligations and can secure this additional financing imminently.

In addition, the Group is progressing well with extensive marketing of the AND² project and ongoing discussions with several prospective tenants which portends positively to meeting the pre-lease conditions for the first drawdown in settlement of the Phase 2 works.

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

## Statement Pursuant to Capital Markets Rule 5.75.3 Issued by the Malta Financial Services Authority (MFSA)

We confirm that, to the best of our knowledge and that of the management of the Company, the unaudited interim condensed financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, and of its financial performance and its cash flows for the six-month period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34).

Furthermore, the Interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

The unaudited interim condensed financial statements attached to this report have been reviewed in terms of ISRE2410 'Review of interim financial information' performed by the independent auditor of the Company. The comparative amounts reflect the position of the Company as included in the audited financial statements for the year ended 31 December 2023 and the unaudited and reviewed results for the period ended 30 June 2023 as applicable.

## Events after the reporting period

There have been no other events after the reporting period that would require adjustments to or disclosure in the financial statements.

Signed on 30 August 2024 on behalf of the Board of Directors by:

| | |
|---|---|
| **Antonio Fenech** | **Javier Errejon Sainz de la Maza** |
| Director | Director |

# Unaudited Interim Condensed Financial Statements

# Interim Condensed Statement of Comprehensive Income

| | Notes | Six months to 30 Jun 2024 (Unaudited) € | Six months to 30 Jun 2023 (Unaudited) € |
|---|---|---|---|
| Finance income | 12 | **1,362,641** | 1,055,846 |
| Finance costs | 11 | **(1,115,769)** | (905,851) |
| **Net finance income** | | **246,872** | 149,995 |
| Administrative expenses | 12 | **(170,839)** | (148,610) |
| **Profit before tax** | | **76,033** | 1,385 |
| Taxation | 13 | **-** | - |
| **Profit for the period** | | **76,033** | 1,385 |
| Other comprehensive income for the period, net of tax | | **-** | - |
| **Total other comprehensive income for the period, net of tax** | | **76,033** | 1,385 |
| Basic and diluted earnings per share | 7 | **0.30** | 0.01 |

The notes on pages 12 to 19 are an integral part of these financial statements.

# Interim Condensed Statement of Financial Position

| | Notes | 30 Jun 2024 (unaudited) € | 31 Dec 2023 (audited) € |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Loans receivable | *8* | **36,826,579** | 36,747,204 |
| **Current assets** | | | |
| Loans and other receivables | *9* | **2,960,809** | 3,350,912 |
| Cash and cash equivalents | *10* | **1,629,354** | 175,113 |
| **Total current assets** | | **4,590,163** | 3,526,025 |
| **Total assets** | | **41,416,742** | 40,273,229 |
| | | | |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | | **250,000** | 250,000 |
| Retained earnings | | **390,227** | 314,194 |
| **Total equity** | | **640,227** | 564,194 |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Debt securities in issue | *11* | **39,348,018** | 39,292,249 |
| **Current liabilities** | | | |
| Debt securities in issue | *11* | **1,288,280** | 231,959 |
| Trade and other payables | | **113,731** | 158,341 |
| Income tax payable | | **26,486** | 26,486 |
| **Total current liabilities** | | **1,428,497** | 416,786 |
| **Total liabilities** | | **40,776,515** | 39,709,035 |
| **Total equity and liabilities** | | **41,416,742** | 40,273,229 |

The notes on pages 12 to 19 are an integral part of these financial statements.

The financial statements on pages 8 to 19 have been authorised for issue by the Board of Directors on 30 August 2024 and were signed on its behalf by:

**Antonio Fenech**
Director

**Javier Errejon Sainz de la Maza**
Director

# Interim Condensed Statement of Changes in Equity

| | Share capital € | Retained earnings € | Total Equity € |
|---|---|---|---|
| **Six-month period ended 30 June 2023 (Unaudited)** | | | |
| Balance as at 1 January 2023 | 250,000 | 151,716 | 401,716 |
| Total comprehensive income for the period: | | | |
| - Profit for the period | - | 1,385 | 1,385 |
| **Balance as at 30 June 2023** | 250,000 | 153,101 | 403,101 |
| **Six-month period ended 30 June 2024 (Unaudited)** | | | |
| Balance as at 1 January 2024 | **250,000** | **314,194** | **564,194** |
| Total comprehensive income for the period: | | | |
| - Profit for the period | **-** | **76,033** | **76,033** |
| **Balance as at 30 June 2024** | **250,000** | **390,227** | **640,227** |

The notes on pages 12 to 19 are an integral part of these financial statements.

# Interim Condensed Statement of Cash Flows

| | Notes | **Six months to 30 Jun 2024 (Unaudited) €** | Six months to 30 Jun 2023 (Unaudited) € |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | **76,033** | 1,385 |
| *Adjustment for:* | | | |
| Amortisation of bond issue cost | *11* | **55,769** | 30,850 |
| **Operating profit before working capital movements** | | **131,802** | 32,235 |
| Decrease / (Increase) in loans and other receivables | *9* | **310,728** | (578,590) |
| Decrease in trade and other payables | | **(44,610)** | (132,495) |
| Increase in debt securities in issue | *11* | **1,060,850** | 875,001 |
| **Net cash flows from operating activities** | | **1,458,770** | 196,151 |
| | | | |
| **Cash flows from investing activities** | | | |
| Loans to related parties | *8* | **-** | (380,000) |
| **Net cash flows used in investing activities** | | **-** | (380,000) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of debt securities in issue | *11* | **(4,529)** | (63,514) |
| **Net cash flows used in financing activities** | | **(4,529)** | (63,514) |
| | | | |
| Net movement in cash and cash equivalents | | **1,454,241** | (247,363) |
| Cash and cash equivalents at beginning of period | | **175,113** | 2,126,310 |
| **Cash and cash equivalents at end of period** | *10* | **1,629,354** | 1,878,947 |
| | | | |
| **Additional information on cash flow from operating activities:** | | | |
| Interest received | | **1,664,133** | 461,972 |
| Interest paid | | **-** | - |

The notes on pages 12 to 19 are an integral part of these financial statements.

# Notes to the Interim Condensed Financial Statements

## 1. General information

Von Der Heyden Group Finance p.l.c. ("the Company") was incorporated on 15 September 2016 as a public limited liability company, registered in terms of the Companies Act (Cap. 386) with company registration number C 77266. It is domiciled in Malta, having its registered office at 14 East, Level 8, Sliema Road, Gzira, GZR 1639, Malta. The ultimate parent company is Von der Heyden Group Holding B.V. a company registered in Curacao, with its registered address at Landhuis Groot Kwartier, Groot Kwartierweg 12, Curacao.

## 2. Basis of preparation

The financial information of the Company as at 30 June 2024 and for the six-month period then ended reflects the financial position and performance of Von Der Heyden Group Finance p.l.c. The comparative amounts reflect the position of the Company as included in the audited financial statements for the year ended 31 December 2023 and the unaudited and reviewed results for the period ended 30 June 2023 as applicable.

These interim condensed financial statements are being published pursuant to Capital Markets Rule 5.74 issued by the MFSA and the Prevention of Financial Markets Abuse Act, 2005. The interim condensed financial statements attached to this report have been reviewed in terms of ISRE2410 'Review of interim financial information' performed by the independent auditor of the Company. The interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union for reported interim condensed financial information (IAS 34, Interim Financial Reporting) and in terms of the Capital Markets Rules 5.81 to 5.84.

The interim condensed financial statements have been prepared in accordance with the same accounting policies, presentation and methods of computation adopted in the Company's most recent annual financial statements for the year ended 31 December 2023.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2023, which form the basis for these interim condensed financial statements. These interim condensed financial statements are intended to provide an update on the latest complete set of annual financial statements, and accordingly they focus on any new activities, events and circumstances.

## 3. New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

**Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Company's interim condensed financial statements.

**Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's interim condensed financial statements.

## 3. New standards, interpretations and amendments adopted by the Company – *continued*

**Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Company's interim condensed financial statements.

New and amended standards – not endorsed and not yet effective:

- Amendments to IAS *21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (applicable for annual periods beginning on or after 1 January 2025, but not yet endorsed in the EU)
- IFRS 18 *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024) (applicable for annual periods beginning on or after 1 January 2027, but not yet endorsed in the EU)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) (applicable for annual periods beginning on or after 1 January 2027, but not yet endorsed in the EU)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024) (applicable for annual periods beginning on or after 1 January 2026, but not yet endorsed in the EU)

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

## 4. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions. The Board considers the Company to constitute one reportable segment in view of its activities.

## 5. Critical accounting estimates and judgements

In preparing these interim condensed financial statements, the directors have made judgements, estimates and assumptions that affect reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The significant judgements made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

# Notes to the Interim Condensed Financial Statements - *continued*

## 6. Going concern

As at 30 June 2024, the Company has total debt securities in issue amounting to €40 million, which comprise of €35 million "Listed Bonds" and €5 million "Private Notes". The Listed Bonds, with nominal value of €100 each aggregating to €35 million, bear interest of 5% *per annum*, payable annually every 16 December, and have a redemption date of 16 December 2032. The Private Notes, which were issued in 2023, have an aggregate principal value €5 million, bear interest of 7.4% *per annum* payable annually every 22 September, and have a redemption date of 22 September 2026.

As disclosed in notes 8 and 11, TIMAN Investments Holdings Limited (the "Parent Company") provided a corporate guarantee in favour of the bondholders and in favour of the Company to affect the due and punctual performance of all payment obligations undertaken by Von der Heyden Group Finance p.l.c. under the bonds and all payment obligations by the related party borrowers to the Company, if they fail to do so.

The ability of the Company to meet its obligations, both in terms of servicing its debts and ultimately repaying the bondholders on the redemption date is dependent on the ability of the Company to collect amounts due from the parent company and group undertakings (note 8 and 9) and/or the ability of the Parent Company to perform its obligations under the corporate guarantee. Accordingly, management assesses the going concern of the Company by reference to the going concern of the Group.

As of the latest published financial statements of the Group for the year ended 31 December 2023, the current liabilities of the Group exceed its current assets by €19 million. Current liabilities include the AND² contractor financing amounting to €23.4 million and the €3.9 million bank loan relating to Lublin Hotel that was up for renewal in March 2024.

In May 2024, the Group successfully concluded the disposal of the receivables for €7.5 million that it had acquired in 2021 for €6.2 million through a special purpose vehicle in Italy. The receivable had a carrying value of €7.059 million, representing the initial capital and recognised accrued interest thereon. In addition, the commercial yacht, that was used for the charter business, was sold for €1.1 million in August 2024. To further improve the liquidity position of the Group, other peripheral assets to the Group's operations, including the properties in Mahon, Spain and Olbia, Italy, have been placed on the market for sale.

The Group is also nearing the conclusion of the extension of the above-mentioned €3.9 million Lublin Hotel bank loan facility for a further five years from March 2024. In agreement with the bank, the loan has in the interim been temporarily extended up to 30 September 2024 so as to enable the finalisation of the administrative procedures of the bank.

Moreover, after having already secured a senior bank lending facility for €55 million for the AND² office development in Poznan in 2022, multi-party re-negotiations have recommenced with the bankers due to the subsequent securing by the Group of a mezzanine facility of €16 million, as well as the changes in the composition of the senior bankers' lending consortium. The current tri-party discussions also address the settlement of the project financing provided by the turnkey contractor amounting to €25.5 million, up to the completion of Phase 1 core and façade works. The AND² tower on 31 December 2023 was valued at €61 million (2022: €35.82 million).

As of the date of this report, the tri-party re-negotiations are well advanced and a revised term sheet has been issued by the senior lending consortium of banks. The formal approval of the proposed facility by the credit committee of each of the three banks in the senior lending consortium is expected before the end of this year. Upon obtaining such approvals and meeting cash equity requirements, the €16 million mezzanine financing provided by a Polish financial institution shall then be released, allowing for the settlement of the turnkey contractor liabilities up to the Phase 1 works and for the commencement of Phase 2 mechanical and engineering works leading to expected completion of the project in early 2026.

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

# Notes to the Interim Condensed Financial Statements - *continued*

## 6. Going concern – *continued*

As also indicated in the latest published financial statements of the Group, the Group's liquidity position constitutes a material uncertainty that may cast significant doubt on the Group's, and as a consequence, the Company's ability to continue as a going concern. Notwithstanding, the directors confirm that, based on the advanced discussions with the parties involved in the AND² project as reported above, including the issue of the revised term sheet by the three banks in the senior lending consortium, the upcoming credit committee approvals that will release the already sanctioned €16 million mezzanine funding and securing of a €55 million senior lenders loan facility commitment, it is reasonable to expect that the Group will meet its ongoing obligations and can secure this additional financing imminently.

In addition, the Group is progressing well with extensive marketing of the AND² project and ongoing discussions with several prospective tenants which portends positively to meeting the pre-lease conditions for the first drawdown in settlement of the Phase 2 works.

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

## 7. Earnings per share

Earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period. Basic earnings per share is equal to the diluted earnings per share.

| | **6 months to 30 Jun 2024 (unaudited) €** | 6 months to 30 June 2023 (unaudited) € |
|---|---|---|
| Profit for the period | **76,033** | 1,385 |
| Weighted number of ordinary shares | **250,000** | 250,000 |
| Basic and diluted earnings per share | **0.30** | 0.01 |

## 8. Loans receivable

| | 30 Jun 2024 (unaudited) € | 31 Dec 2023 (audited) € |
|---|---|---|
| Loans receivable from parent undertaking (i) | **33,101,834** | 33,022,459 |
| Loans receivable from group undertakings (ii) | **3,724,745** | 3,724,745 |
| | **36,826,579** | 36,747,204 |

The loans receivable of the Company represent the amounts on-lent from the net proceeds of the debt securities in issue. The parent company, TIMAN Investments Holdings Limited, has provided a corporate guarantee in favour of the Company to affect the due and punctual performance of all the payment obligations undertaken by the related party borrowers under these loans and those disclosed in note 9 if the said borrowers fail to do so.

(i) The loans receivable from the parent company bore interest at a weighted average rate of 7.5% (2023: 6.8%). The movement in the loans receivable from the parent company during the period relates to the accrued interest receivable from a related party which was assigned to the parent company. The loans are repayable as follows: €1,500,000 by 31 July 2026, €732,084 by 31 December 2028, and €30,869,750 by 16 September 2032.

(ii) The loans receivable from group undertakings is comprised of a loan to a group undertaking with a face value of €1,500,000 and a carrying amount of €224,745 bearing interest of 7.5% per annum and repayable on 31 December 2028, and a loan to another group undertaking of €3,500,000 bearing interest of 7.5% per annum and repayable on 31 July 2026.

The maturity profile of the non-current loans receivable are repayable as follows:

| | 30 Jun 2024 (unaudited) € | 31 Dec 2023 (audited) € |
|---|---|---|
| Between 1 and 2 years | **5,000,000** | - |
| Between 3 and 5 years | **956,829** | 5,877,454 |
| More than 5 years | **30,869,750** | 30,869,750 |
| | **36,826,579** | 36,747,204 |

## 9. Loans and other receivables

| | 30 Jun 2024 (unaudited) € | 31 Dec 2023 (audited) € |
|---|---|---|
| Accrued interest on loans receivable (Note 8) | **2,991,297** | 3,372,165 |
| Other receivables | **12,761** | 21,996 |
| | **3,004,058** | 3,394,161 |
| Less: Loss allowance under IFRS 9 | **(43,249)** | (43,249) |
| | **2,960,809** | 3,350,912 |

## 10. Cash and cash equivalents

Cash and cash equivalents include bank accounts of €114,529 (as at 31 December 2023: €114,940) pledged for a rental deposit in favour of a third party on behalf of a Group company. Balance of cash and cash equivalent is stated after the provision of expected credit loss allowance under IFRS 9 amounting to €10,325 (as at 31 December 2023: €10,325).

# Notes to the Interim Condensed Financial Statements - *continued*

## 11. Debt securities in issue

| | 30 Jun 2024 (unaudited) € | 31 Dec 2023 (audited) € |
|---|---|---|
| **Non-current** | | |
| Listed Debt Securities MT0001401216 - 5.0% €35M Bonds 2032 | **35,000,000** | 35,000,000 |
| Private Notes Securities MT0001401224 - 7.4% €5M Bonds 2026 | **5,000,000** | 5,000,000 |
| Less: Unamortised bond issue costs | **(651,982)** | (707,751) |
| | **39,348,018** | 39,292,249 |
| **Current** | | |
| Accrued interest on debt securities in issue | **1,228,778** | 168,778 |
| Amounts held on behalf of current and previous bondholders (i) | **59,502** | 63,181 |
| | **1,288,280** | 231,959 |

i. This relates to amounts held by the Company until the instructions for payment are received from the Malta Stock Exchange that are payable to the bondholders under the current Listed Bond and to the previous bondholders under the First Bond. During 2024, debt securities repayments amounted to €4,529.

On 16 December 2022, the Company issued the Listed Bonds with an aggregate principal amount of €35 million and a nominal value of €100 each. The Listed Bonds are unsecured, bear interest of 5% per annum and will mature on 16 December 2032 subject to the terms and conditions in the Prospectus dated 10 October 2022. The proceeds were used to early redeem the First Bond, and the balance was in part on-lent to a related company to partly finance the ongoing construction of the AND² (formerly Andersia Silver) Project in Poland and for general corporate funding purposes.

The Listed Bond is traded on the Malta Stock Exchange with the trading symbol of VH32A and International Securities Identification Number (ISIN) MT0001401216. At the close of the last trading day for the period ended 30 June 2024, the quoted price of the Listed Bond was 101 (31 December 2023: €100). No payments of interest were made during the current and previous year's interim period.

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

The carrying amount of the bonds is presented net of direct issue costs which are being amortised over the life of the bonds as follows:

| | 30 Jun 2024 (unaudited) € | 31 Dec 2023 (audited) € |
|---|---|---|
| Issue costs - MT0001401216 - 5.0% €35M Bonds 2032 | **622,264** | 622,264 |
| Issue costs - MT0001401224 - 7.4% €5M Notes 2026 | **162,711** | 162,711 |
| Less: Accumulated amortisation | **(132,993)** | (77,224) |
| Unamortised bond issue costs | **651,982** | 707,751 |

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

## 12. Related party transactions

The Company's related parties include its ultimate parent company, parent company, fellow subsidiary companies and associates of which TIMAN Investments Holdings Limited is the parent company, key management and all other parties forming part of the Group.

Related party transactions are entered into on a commercial basis with entities which are related by way of common shareholders who are able to exercise significant influence over the Company's operations. The Company has affected advances to these entities as disclosed in note 8 and 9 to the financial statements.

Finance income for the interim period includes interest income from loans to related parties of €1,362,641 (2023: €1,055,846). Administration expenses in the interim period include directors' remuneration of €51,000 (2023: €51,000) and management fees from a related group company of €50,165 (2023: €12,514)

## 13. Taxation

No tax charge is recognised as at 30 June 2024 as the Company expects to avail of the group loss relief from the parent company.

## 14. Financial Instruments

At interim period end, the Company's main financial assets in the statement of financial position comprise cash and cash equivalents, other receivables and loans receivables. At interim period end, there were no off-balance sheet financial assets.

At interim period end, the Company's main financial liabilities in the statement of financial position comprise bonds payable and trade and other payables. At interim period end, there were no off-balance sheet financial liabilities.

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

### 14.1 Timing of cash flows

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

### 14.2 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 11, equity attributable to equity holders, comprising issued share capital and retained earnings as disclosed in the statement of changes in equity.

### 14.3 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 Company to concentrations of credit risk consist principally of loans advanced to related companies and the accrued interest thereon and cash at bank.

The recoverability of the loans advanced to related companies and the accrued interest thereon is dependent on the performance of these companies and their ability to affect payments to the Company under such loans. After considering the performance and the outlook of the business of such companies, the Directors believe that the credit risk on such loans is limited.

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, as disclosed in notes 8, 9 and cash and cash equivalents.

## 14. Financial Instruments - *continued*

### 14.4 Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise the bonds payable in issue and the trade and other payables. Prudent liquidity risk is managed by maintaining significant levels of liquid funds and identifying and monitoring changes in funding to ensure the available amount of funding to meet the Company's obligations.

The Company forms part of the Von der Heyden Group. The Company has advanced most of the amounts borrowed by way of Bonds and Notes to companies within the Von der Heyden Group through the parent company and directly to some group undertakings (see Notes 8 and 9). This implies that the Company would have to receive settlement of interest and principal amounts due from the parent company and from the group undertakings in order to be able to meet its debt servicing obligations as they fall due, as well the principal amount of the Bonds and Notes on maturity.

The Directors monitor liquidity risk by forecasting the expected cash flows in order to ensure that adequate funding is in place in order for the Group to be in a position to meet its commitments as and when they fall due.

The table below analyses the Company's financial liabilities by the remaining contractual maturities using the contractual undiscounted cash flows:

| | Within 1 year € | 1 to 2 years € | 2 to 5 years € | Over 5 years € | Total € |
|---|---|---|---|---|---|
| **30 June 2024** | | | | | |
| Trade payables | **34,117** | **-** | **-** | **-** | **34,117** |
| Debt securities in issue | **2,120,000** | **2,120,000** | **10,620,000** | **42,000,000** | **56,860,000** |
| | **2,154,117** | **2,120,000** | **10,620,000** | **42,000,000** | **56,894,117** |
| | | | | | |
| **31 December 2023** | | | | | |
| Trade payables | 75,192 | - | - | - | 75,192 |
| Debt securities in issue | 2,120,000 | 2,120,000 | 10,620,000 | 42,000,000 | 56,860,000 |
| | 2,195,192 | 2,120,000 | 10,620,000 | 42,000,000 | 56,935,192 |

### 14.5 Interest rate risk

In view of the nature of its activities, the Company's transactions consist of interest income on the loans advanced to related companies from the proceeds of the Bonds and Notes issues and the interest payable on the bonds. However, these are independent of changes in market interest rates. Both the loans receivable from related companies and the bonds are subject to fixed interest rates. The Company charges a higher lending rate on its receivables to cover its operating expenses. Also, most of the loans receivable have maturities corresponding to the debts securities in issue.

### 14.6 Fair values

The carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities approximated their fair values due to their short-term maturities.

The fair value of non-current financial assets is not materially different from their carrying amounts. The fair value of non-current financial liabilities can be defined by reference to the quoted market price as disclosed in note 11.

## 15. Events after the reporting period

There were no events after the interim reporting period that would require adjustments to or disclosure in these interim condensed financial statements.

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# Report on Review of Interim Condensed Financial Information

## To the Directors of Von der Heyden Group Finance p.l.c.

**Introduction**

We have reviewed the accompanying interim condensed financial statements of Von der Heyden Group Finance plc (the "Company"), which comprise the interim condensed statement of financial position as at 30 June 2024 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then-ended, and selected explanatory notes (the "interim condensed financial information").

The Directors are responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting, IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

**Scope of review**

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

This report has been prepared for and only for the Company in relation to the Capital Markets Rules issued by the Malta Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

**Emphasis of Matter**

We draw attention to Note 6 of the financial statements which explains the Company's dependence on the results of the Timan Group. Note 6 explains the Group's current liquidity position in relation to the stage of the ongoing multi-party negotiations relating to the end-project financing for the AND2 project. These conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's and as a consequent the entity's ability to continue as a going concern. Note 6 also explains management plans to secure this additional financing, progress in meeting banking facility drawdown conditions and the realisation of certain other peripheral assets. Our conclusion is not modified in respect of this matter.

*The partner in charge of the review resulting in this report is*
*Shawn Falzon for and on behalf of*

Ernst & Young Malta Limited
Certified Public Accountants
30 August 2024