



**HILI
PROPERTIES**

Hili Properties plc
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COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by **Hili Properties p.l.c.** (the “**Company**”) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta), as amended from time to time.

QUOTE

The Company hereby announces that the Board of Directors has approved the Company’s half yearly financial report and unaudited Interim Financial Statements for the period ending 30 June 2023.

The Financial Statements are attached herewith and are also available for viewing on the Company’s website:

<https://hiliproperties.com/companys-financial-statements/>

UNQUOTE

BY ORDER OF THE BOARD


Adrian Mercieca
Company Secretary
24 August 2023



Hili Properties p.l.c.

Interim Financial Report (Unaudited)

For the period 1 January 2023 to 30 June 2023

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Hili Properties p.l.c.

Interim Directors' Report Pursuant to the Capital Market Rules 5.75.2

For the period ended 30 June 2023

Pursuant to the Capital Market Rules 5.75.2 for period 1 January to 30 June 2023

The directors present their interim report, together with the unaudited interim condensed financial statements of the Company and its subsidiaries (the “group”) (“the condensed interim financial statements”) for the period from 1 January 2023 to 30 June 2023.

Principal activities

The principal activity of the Hili Properties p.l.c. group is to hold and rent immovable property. Hili Properties p.l.c. also acts as a holding company.

Business model

Hili Properties is a strategic investor in commercial real estate in Europe’s most thriving cities and up-and-coming locations. Driven to build value and growth through expert, effective asset management, Hili Properties is focused on realizing potential, nurturing relationships with communities, and enhancing tenant experience.

Performance review

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2023 and its comparative period in 2022.

The Group

During the period under review, the group has registered an operating profit of €5,648,897 (June 2022: €3,028,690) on revenues of €7,602,532 (June 2022: €5,078,144). After accounting for finance costs and investment losses, the group registered a profit before tax of €2,731,146 (June 2022: €672,824).

The group’s net assets at the end of the period amounted to €127,222,155 compared to €124,929,649 as at 31 December 2022. The outlook of the operating activity of the Group is expected to remain positive.

Earnings before interest, tax and depreciation (EBITDA) for the current period amount to Eur5,696,434 as compared to the comparative period of 30 June 2022 of Eur4,174,382. The higher EBITDA achieved during the current period is attributed full year operation of the properties purchased in the previous year.



Hili Properties p.l.c.

Interim Directors' Report Pursuant to Capital Market Rules 5.75.2 (continued)

For the period ended 30 June 2023

Performance review (continued)

During the period ended there have not been any acquisitions or disposals of property by the Group.

The company

During the period ended 30 June 2023, the company registered a loss before tax of *€940,331* (June 2022: loss of *€1,415,594*). The net assets of the company at the end of the period amounted to *€90,882,901* compared to *€91,845,835* as at 31 December 2022.

Future outlook

The group remains dedicated to the proactive management of our property portfolio. We will strategically pursue property acquisitions and divestitures to align with our evolving business needs. As we look ahead, we recognize the prevailing economic environment characterized by a global surge in inflation levels, notably within the EU where our operations are centered. The Harmonized Index of Consumer Prices (HICP) inflation is anticipated to continue exceeding historical averages, shaping the landscape in which we operate.

While navigating these economic dynamics, we also acknowledge the influence of external factors beyond our control, including regulatory shifts, geopolitical developments, and financial market conditions. Of note is the potential impact of interest rate fluctuations, a key watchpoint that could affect our group's operations. Additionally, we are mindful of potential tax implications arising from these changes.

These variables may contribute to fluctuations in the valuation of our property portfolio. However, it is worth highlighting that despite these macroeconomic considerations, our group proudly maintains a robust portfolio of real estate assets that has consistently delivered substantial cashflow. Building upon our accomplishments, including the acquisition of prestigious assets in the preceding year, we reiterate our unwavering commitment to responsible and sustainable portfolio management across Europe.

Our aim remains steadfast: to unlock and share value with all stakeholders as we move forward into the future.

Post balance sheet events

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the board.



Hili Properties p.l.c.

Interim Directors' Report Pursuant to Capital Market Rules 5.75.2 (continued)

For the period ended 30 June 2023

Preparation of the Condensed Consolidated Interim Financial Statements

This report is being published in terms of the Listing Rule 5.75.2 of the Capital Market Rules issued by the Listing Authority and has been prepared in accordance with the applicable Capital Market Rules and International Accounting Standard 34 - Interim Financial Reporting. This half-yearly report comprises the reviewed (but not audited) condensed consolidated interim financial statements. The financial statements published in this half-yearly report have been condensed in accordance with the requirements of IAS 34. These financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative statements have been extracted from the audited financial statements for the year ended 31 December 2022 and the management accounts for the period ending 30 June 2023.

Approved by the board of directors and signed on its behalf on the 24th August 2023 by:

A handwritten signature in blue ink, appearing to read 'Pier Luca Demajo', written over a horizontal line.

Pier Luca Demajo
Chairman

A handwritten signature in blue ink, appearing to read 'Georgios Kakouras', written over a horizontal line.

Georgios Kakouras
Managing Director



Hili Properties p.l.c.

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2023

	Group		Holding Company	
	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022
	Unaudited	Unaudited	Unaudited	Unaudited
	€	€	€	€
Revenue	7,602,532	5,078,144	49,998	45,000
Cost of Sales	(521,825)	(479,915)	(12,660)	-
Other operating income	31,867	15,464	-	-
Administrative expenses	(1,463,677)	(1,585,003)	(751,150)	(1,010,345)
Operating profit/ (loss)	5,648,897	3,028,690	(713,812)	(965,345)
Net investment losses	-	(459,393)	-	-
Finance income	279,711	66,647	12,216	789,696
Finance costs	(3,197,462)	(1,963,120)	(238,735)	(1,239,945)
Profit/(loss) before taxation	2,731,146	672,824	(940,331)	(1,415,594)
Income tax (expense)/credit	(474,278)	(267,408)	(22,603)	(23,627)
Profit/(loss) for the period	2,256,868	405,416	(962,934)	(1,439,221)
Other comprehensive income for the period:				
Exchange differences on translation of foreign operation	35,638	(6,070)	-	-
Total comprehensive income/(expense) for the period	2,292,506	399,346	(962,934)	(1,439,221)
Profit attributable to:				
Owners of the company	1,975,573	405,416		
Non-controlling interests	281,295	-		
	2,256,868	405,416		
Total comprehensive income attributable to:				
Owners of the company	2,011,211	399,346		
Non-controlling interests	281,295	-		
	2,292,506	399,346		



Hili Properties p.l.c.

Condensed Statement of Financial Position

As at 30 June 2023

	<i>Notes</i>	Group		Holding Company	
		30 June	31 December	30 June	31 December
		2023	2022	2023	2022
		Unaudited	Audited	Unaudited	Audited
		€	€	€	€
ASSETS AND LIABILITIES					
Non-current assets					
Intangible assets		15,667	15,673	15,665	15,665
Property, plant and equipment		118,651	109,587	1,096	1,535
Investment property	5	232,832,223	232,298,000	2,525,000	2,525,000
Investment in subsidiaries	6	-	-	79,096,407	79,096,407
Property held for sale		3,700,000	3,700,000	3,700,000	3,700,000
Loans and receivables		1,256,844	547,413	21,735,495	22,073,795
Trade and other receivables	7	2,406,209	2,037,978	-	-
Derivative Financial Instruments		-	862,586	-	-
Deferred tax assets		524,252	563,808	-	-
Right-of-use asset		262,258	275,103	-	-
Restricted cash		1,061,725	1,971,836	-	-
Total non-current assets		242,177,829	242,381,984	107,073,663	107,412,402
Current assets					
Loans and receivables		5,324	27,778	37,268,812	36,656,611
Trade and other receivables	7	3,417,842	2,786,276	481,052	372,934
Current tax assets		3,235	190,301	-	174,733
Cash and cash equivalents		12,888,837	10,982,981	5,050,532	2,033,896
Total current assets		16,315,238	13,987,336	42,800,396	39,238,174
Total assets		258,493,067	256,369,320	149,874,059	146,650,576



Hili Properties p.l.c.

Condensed Statement of Financial Position (continued)

As at 30 June 2023

	Notes	Group		Holding Company	
		30 June 2023 Unaudited €	31 December 2022 Audited €	30 June 2023 Unaudited €	31 December 2022 Audited €
Current liabilities					
Trade and other payables	8	5,122,522	4,143,003	1,960,638	1,557,644
Other financial liabilities		19,416	36,533	5,508,931	2,522,299
Lease liability		41,485	35,523	-	-
Bank loans	9	6,818,656	14,834,335	-	-
Current tax liability		592,162	624,665	54,266	-
Total current liabilities		12,594,241	19,674,059	7,523,835	4,079,943
Non-current liabilities					
Other financial liabilities		7,184	14,114	14,078,489	13,374,276
Bank loans	9	73,861,015	66,847,513	-	-
Other payables	8	2,073,995	2,213,241	-	-
Debt securities in issue	10	36,824,396	36,786,082	36,824,396	36,786,082
Lease liability		247,190	245,452	-	-
Deferred tax liabilities		5,662,891	5,659,210	564,438	564,440
Total non-current liabilities		118,676,671	111,765,612	51,467,323	50,724,798
Total liabilities		131,270,912	131,439,671	58,991,158	54,804,741
Net assets		127,222,155	124,929,649	90,882,901	91,845,835
EQUITY					
Share capital		80,178,540	80,178,540	80,178,540	80,178,540
Legal reserve		173,173	173,173	-	-
Other reserve		(496,331)	(496,331)	(496,331)	(496,331)
Share premium		6,973,027	6,973,027	6,973,027	6,973,027
Loss offset reserve		748,427	748,427	748,427	748,427
Foreign exchange reserve		(237,362)	(273,000)	-	-
Retained earnings		30,907,591	28,932,018	3,479,238	4,442,172
Equity attributable to owners of the company		118,247,065	116,235,854	90,882,901	91,845,835
Non-controlling interests		8,975,090	8,693,795	-	-
Total equity		127,222,155	124,929,649	90,882,901	91,845,835

Pier Luca Demajo
Chairman

Georgios Kakouras
Managing Director

Hill Properties p.l.c.

Condensed Statement of Changes in Equity

For the period ended 30 June 2023

Group	Share capital €	Loss offset reserve €	Legal Reserve €	Other reserve €	Share premium €	Currency translation reserve €	Retained earnings €	Attributable to owners of the parent €	Non-controlling interest €	Total €
Balance at 1 January 2022	80,178,540	748,427	151,385	(496,331)	6,973,027	(286,242)	23,612,115	110,880,921	-	110,880,921
Profit for the period	-	-	-	-	-	-	5,319,903	5,319,903	652,367	5,972,270
Other comprehensive expense	-	-	-	-	-	13,242	-	13,242	2,605	15,847
Creation of Minority	-	-	-	-	-	-	-	-	8,038,823	8,038,823
Transfer to legal reserve	-	-	21,788	-	-	-	-	21,788	-	21,788
Balance at 31 December 2022	80,178,540	748,427	173,173	(496,331)	6,973,027	(273,000)	28,932,018	116,235,854	8,693,795	124,929,649
Profit for the period	-	-	-	-	-	35,638	1,975,573	2,011,211	281,295	2,292,506
Balance at 30 June 2023	80,178,540	748,427	173,173	(496,331)	6,973,027	(237,362)	30,907,591	118,247,065	8,975,090	127,222,155

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Condensed Statement of Changes in Equity (continued)

For the period ended 30 June 2023

Holding	Share capital	Loss offset reserve	Other reserve	Share premium	Accumulated losses	Total
	€	€	€	€	€	€
Balance at 1 January 2022	80,178,540	748,427	(496,331)	6,973,027	6,858,177	94,261,840
Loss for the period	-	-	-	-	(2,416,005)	(2,416,005)
Balance at 31 December 2022	80,178,540	748,427	(496,331)	6,973,027	4,442,172	91,845,835
Loss for the period	-	-	-	-	(962,934)	(962,934)
Balance at 30 June 2023	80,178,540	748,427	(496,331)	6,973,027	3,479,238	90,882,901



Hili Properties p.l.c.

Condensed Statement of Cash Flows

For the period ended 30 June 2023

	Group		Holding Company	
	1 Jan - 30 Jun 2023 Unaudited €	1 Jan - 30 Jun 2022 Unaudited €	1 Jan - 30 Jun 2023 Unaudited €	1 Jan - 30 Jun 2022 Unaudited €
Cash flows from operating activities				
Cash flow generated from/ (used in) operations	5,433,458	3,278,411	(418,497)	664,435
Interest paid	(3,147,969)	(1,022,650)	(172,554)	(336,652)
Interest received	12,216	81,201	12,216	795,529
Income tax paid	(233,386)	(108,022)	206,409	(14)
Net cash flows from/ (used in) operating activities	2,064,319	2,228,940	(372,426)	1,123,298
Cash flows from investing activities				
Additions to investment property	(534,223)	(476,695)	-	-
Acquisition of subsidiaries	-	(12,517,564)	-	(500,000)
Loans granted to related parties	-	-	-	(25,235,389)
Proceeds from disposal of investment property	-	2,372,527	-	-
Net cash flows used in investing activities	(534,223)	(10,621,732)	-	(25,735,389)
Cash flows from financing activities				
Proceeds from bank loans	1,506,769	-	-	-
Proceeds from loans from related parties	-	5,000,000	3,389,063	-
Repayment of bank loans	(2,257,284)	(1,698,059)	-	-
Repayment of loans granted by related parties	-	(1,071)	-	(904,381)
Transfers to restricted cash	1,126,275	(435,849)	-	-
Net cash flows from financing activities	375,760	2,865,021	3,389,063	(904,381)
Net movement in cash and cash equivalents	1,905,856	(5,527,771)	3,016,637	(25,516,472)
Cash and cash equivalents at the beginning of the year	10,982,981	37,193,295	2,033,895	26,714,686
Effects of translation from functional currency to presentation currency	-	(6,070)	-	-
Cash and cash equivalents at the end of the period	12,888,837	31,659,454	5,050,532	1,198,214



Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

1. Basis of preparation

The condensed interim financial statements for the six months ending on 30 June 2023 have been extracted from the unaudited management accounts of the Group and the Company and have been prepared in accordance with IAS 34 - *Interim Financial Reporting*.

Hili Properties p.l.c. is the group's ultimate parent company and is a public limited company incorporated in Malta with registration number C57954. The registered address of the holding company is Nineteen Twenty-Three, Valletta Road, Marsa. As disclosed in note 9, it has bonds issued on the Malta Stock Exchange.

2. Significant accounting policies

The condensed consolidated interim financial statements as at end of 30 June 2023 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, "Interim Financial Reporting"). The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's and holding company's annual financial statements for the year ended 31 December 2022, and corresponding interim period.

(i) Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the group's and holding company's financial results or position.

Standards, amendments, and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

Several new, but not yet effective, standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or Interpretations have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations neither adopted nor listed by the Group have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

3. Judgements and estimates

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.



Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

3. Judgements and estimates (continued)

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the group's and holding company's annual financial statements for the year ended 31 December 2022.

4. Segmental Reporting

The segment reporting of the group is made in terms of the location which it conducts its business in, as the risks and rates of return are affected predominantly by differences in the services provided in the different locations. The group is currently organised into five main business segments: Malta, Latvia, Estonia, Lithuania and Romania. Each of these operating segments is managed separately as each of these lines requires local resources. All inter segment transfers for management services are carried out on a cost basis.

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

Each of these operating segments is managed separately as each of these lines requires local resources. All inter segment transfers for management services are carried out on a cost basis.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the period. The group's reportable segments under IFRS 8 are direct sales attributable to each line of business.

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after allocation of central administration costs based on services provided. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the group's accounting policies. Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to consolidated totals are reported below:



Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

4. Segmental Reporting (continued)

	Group	
	1 January to 30 June 2023	1 January to 30 June 2022
	Unaudited	Unaudited
	€	€
Profit before taxation		
Total profit for reportable segments	3,915,112	2,738,987
Elimination of inter segment profits	-	(615,820)
Unallocated amounts:		
Finance costs	(1,262,254)	(1,245,778)
Other unallocated amounts	78,288	(204,565)
	<u>2,731,146</u>	<u>672,824</u>
Assets	30 June 2023	31 December 2022
	Unaudited	(Audited)
	€	€
Total assets for reportable segments	270,391,125	269,640,435
Elimination of inter segment receivables	(82,907,438)	(85,434,220)
Unallocated amounts		
Non-current assets held for sale	3,700,000	2,525,000
Other financial assets	15,665	17,201
Loans and receivables	61,593,919	66,881,971
Trade and other receivables	649,264	530,311
Current tax asset	-	174,728
Cash and Cash equivalents	5,050,532	2,033,895
Other unallocated amounts	-	-
	<u>258,493,067</u>	<u>256,369,321</u>
Liabilities	30 June 2023	31 December 2022
	Unaudited	(Audited)
	€	€
Total liabilities for reportable segments	161,039,806	163,767,936
Elimination of inter segment payments	(105,215,163)	(108,664,414)
Unallocated amounts		
Trade and other payables	2,002,010	1,583,560
Other financial assets	36,008,346	37,402,075
Current tax liabilities	54,266	-
Debt securities in issue	36,824,396	36,786,082
Deferred tax liabilities	564,433	564,433
Other unallocated amounts	(7,182)	-
	<u>131,270,912</u>	<u>131,439,672</u>

The Group's revenue and results from continuing operations and information about its net assets by reportable segment are detailed below:

Hill Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

4. Segmental reporting (continued)

	Malta	Latvia	Estonia	Lithuania	Romania	Total	Unallocated	Eliminations adjustments	Consolidated
1 January to 30 June 2023									
Revenue	€ 784,025	€ 1,964,128	€ 54,998	€ 846,025	€ 3,903,358	€ 7,552,534	€ 49,998	-	€ 7,602,532
Profit (loss) before tax	634,930	857,513	50,314	313,131	2,059,224	3,915,112	(1,183,966)	-	2,731,146
Depreciation and amortisation	(86)	(31,961)	-	-	(15,050)	(47,097)	(440)	-	(47,537)
Finance cost	(245,387)	(995,022)	-	(645,002)	(1,491,272)	(3,376,683)	(1,262,254)	1,441,475	(3,197,462)
Income tax expense	(262,448)	(526)	-	(6,027)	(182,674)	(451,675)	(22,603)	-	(474,278)
Segment assets	71,812,333	74,008,493	1,559,454	33,055,659	89,955,186	270,391,125	71,009,380	(82,907,438)	258,493,067
Investment property	51,150,000	52,706,032	1,510,000	24,990,000	99,951,191	230,307,223	2,525,000	-	232,832,223
Additions to investment property	141,032	-	-	-	393,191	534,223	-	-	534,223
Segment liabilities	25,540,873	51,597,067	326,542	30,479,009	53,078,952	161,022,443	75,427,995	(105,179,526)	131,270,912

Hill Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

4. Segmental reporting (continued)

1 January to 30 June 2022	Malta	Latvia	Estonia	Lithuania	Romania	Total	Unallocated	Eliminations adjustments	Consolidated
	€	€	€	€	€	€	€	€	€
Revenue	780,616	2,475,759	54,998	148,787	1,572,984	5,033,144	45,000	-	5,078,144
Profit (loss) before tax	749,627	1,207,102	54,225	36,537	691,496	2,738,987	(1,450,343)	(615,820)	672,824
Depreciation and amortisation	(86)	(26,635)	-	-	(396)	(27,117)	(440)	-	(27,557)
Finance cost	(165,708)	(1,355,340)	-	(239,664)	(467,511)	(2,228,223)	(1,245,778)	-	(3,474,001)
Income tax expense	(234,098)	(49)	-	(5,394)	(4,240)	(243,781)	(23,627)	-	(267,408)
Segment assets	98,737,924	139,007,699	2,161,741	15,514,263	41,987,142	297,408,769	166,735,465	(246,440,549)	217,730,685
Investment property	50,873,398	72,137,596	1,600,000	4,720,000	38,332,737	167,663,731	2,500,000	-	170,163,731
Additions to investment property	25,773,398	19,771,379	-	-	-	45,544,777	-	-	45,544,777
Segment liabilities	46,478,107	95,038,753	926,710	13,241,731	24,690,282	180,375,583	67,515,538	(141,467,702)	106,423,419

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

5. Investment property

Group	Retail/ commercial properties €	Office properties €	Other properties €	Group total €
1 January 2022 (audited)	102,446,200	22,179,523	-	124,625,723
Acquired on business combination	19,856,660	58,001,718	26,302,333	104,160,711
Additions	443,765	85,464	-	529,229
Increase in fair value	1,951,472	2,571,820	-	4,523,292
Decrease in fair value	(988,502)	-	(552,333)	(1,540,835)
Exchange differences	(120)	-	-	(120)
At 1 January 2023 (audited)	123,709,475	82,838,525	25,750,000	232,298,000
Additions	141,032	393,191	-	534,223
At 30 June 2023 (unaudited)	123,850,507	83,231,716	25,750,000	232,832,223

Holding company	Office properties €
At 1 January 2022 (audited)	2,500,000
Increase in fair value	25,000
Transfer to property held for sale	-
At 1 January 2023 (audited)	2,525,000
Additions	-
At 30 June 2023 (unaudited)	2,525,000

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

5. Investment property (continued)

The fair value of investment properties amounts to €232,832,223 (2022: €232,298,000). The directors are of the opinion that the fair value of the investment properties did not alter significantly from the values reported in December 2022.

6. Investment in subsidiaries

Holding Company	30 June 2023 Unaudited €	31 December 2022 Audited €
Balance at the beginning of the period	79,096,407	29,979,939
Acquisition of subsidiary	-	49,116,468
Balance at the end of the period	<u>79,096,407</u>	<u>79,096,407</u>

During the prior year, the company has successfully concluded the acquisition of shares in Harbour APM (Investments). As a result, the amount of *Eur24,500,000* was transferred from deposit on acquisition of investment, to shares in subsidiaries.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

7. Trade and other receivables

	Group		Holding company	
	30 June 2023 Unaudited €	31 December 2022 Audited €	30 June 2023 Unaudited €	31 December 2022 Audited €
Trade receivables	1,333,937	545,470	3,674	1,586
Other receivables	426,493	949,595	133,875	123,812
Amounts due from related parties	104,971	167,062	-	1,209
Amounts due from parent	-	28,710	175,000	175,000
Prepayments and accrued income	3,958,650	3,133,417	168,503	71,327
Total trade and other receivables	5,824,051	4,824,254	481,052	372,934
Less: amounts expected to be settled within 12 months	(2,406,209)	(2,037,978)	-	-
Amounts expected to be settled after 12 months (shown under non-current assets)	3,417,842	2,786,276	481,052	372,934

No interest is charged on trade and other receivables.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

8. Trade and other payables

	Group		Holding company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Unaudited €	Audited €	Unaudited €	Audited €
Trade payables	660,110	601,975	7,982	71,399
Amounts due to other related parties	-	-	-	5,834
Amounts due to group companies	-	-	-	225
Amounts due to ultimate parent company	-	-	-	743
Other payables	2,589,330	2,912,829	-	1,148
Accruals and deferred income	3,947,077	2,841,440	1,952,656	1,478,295
Total trade and other payables	7,196,517	6,356,244	1,960,638	1,557,644
Less: amounts expected to be settled within 12 months	(5,122,522)	(4,143,003)	(1,960,638)	(1,557,644)
Amounts expected to be settled after 12 months (shown under non-current liabilities)	2,073,995	2,213,241	-	-

No interest is charged on trade and other payables.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

9. Bank loans

	Group		Holding company	
	30 June 2023 Unaudited €	31 December 2022 Audited €	30 June 2023 Unaudited €	31 December 2022 Audited €
Bank loans	80,679,671	81,681,848	-	-
Less: amount due for settlement within 12 months (shown under current liabilities)	(6,818,656)	(14,834,335)		
Amount due for settlement after 12 months	73,861,015	66,847,513	-	-

Bank loans are payable as follows:

	Group		Holding company	
	30 June 2023 Unaudited €	31 December 2022 Audited €	30 June 2023 Unaudited €	31 December 2022 Audited €
On demand within one year	6,818,656	14,834,335	-	-
Between one and five years	71,886,032	47,496,969	-	-
After five years	1,974,983	19,350,544	-	-
	80,679,671	81,681,848	-	-

The group's bank loans facilities bear effective interest of around 4.5% p.a.

The facilities are secured by special hypothecs over the investment property of the group, a general hypothec over the assets of the group, guarantees provided by other related party and a pledge over rent receivable from the company's tenants.

Hili Properties p.l.c.

Notes to the condensed interim financial statements For the period ended 30 June 2023

10. Debt securities in issue

	Group and holding company	
	30 June 2023 Unaudited €	31 December 2022 Audited €
4.5% unsecured bonds redeemable 2025	36,824,396	36,786,082

In October 2015, the Company issued 370,000 4.5% unsecured bonds of a nominal value of €100 per bond. The bonds are redeemable at their nominal value in 2025. Interest on the bonds is due and payable annually on 16 October of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bond is net of direct issue costs of €766,271 which are being amortised over the life of the bond. The market value of debt securities on the last trading day before the statement of financial position date was €37,074,000 (2022: €37,555,000). The bonds are guaranteed by Harbour (APM) Investments Limited and Hili Estates Limited. The full terms of the guarantee are disclosed in the bond prospectus.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

11. Related party transactions

During the period, the Company and the group entered into transactions with related parties set out below.

Group	1 Jan - 30 Jun 2023			1 Jan - 30 Jun 2022		
	Related party activity	Total activity		Related party activity	Total activity	
	€	€	%	€	€	%
Revenue:						
Related party transactions with:						
Parent company	193,260	-		213,347	-	
Other related parties	1,014,131	-		1,090,098	-	
	<u>1,207,391</u>	<u>7,634,398</u>	16%	<u>1,303,445</u>	<u>5,093,388</u>	26%
Administrative expenses						
Related party transactions with:						
Parent company	350,000	-		350,000	-	
	<u>350,000</u>	<u>1,985,502</u>	18%	<u>350,000</u>	<u>2,064,918</u>	17%
Finance income						
Related party transactions with:						
Parent company	12,216	-		61,438	-	
	<u>12,216</u>	<u>279,711</u>	5%	<u>61,438</u>	<u>66,647</u>	93%

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

11. Related party transactions (continued)

Holding company	1 Jan - 30 Jun 2023			1 Jan - 30 Jun 2022		
	Unaudited		%	Unaudited		%
	Related party activity	Total activity		Related party activity	Total activity	
	€	€		€	€	
Administrative expenses						
Related party transactions with:						
Parent company	350,000	-		350,000	-	
	<u>350,000</u>	<u>751,150</u>	47%	<u>350,000</u>	<u>1,010,345</u>	35%
Finance income						
Related party transactions with:						
Parent company	12,216	-		-	-	
	<u>12,216</u>	<u>12,216</u>	100%	<u>-</u>	<u>789,696</u>	0%
Finance cost						
Related party transactions with:						
Subsidiaries	144,380	-		369,131	-	
Other related parties	48,253	-		5,834	-	
	<u>192,633</u>	<u>238,735</u>	81%	<u>374,965</u>	<u>1,239,945</u>	31%

No expense has been recognised in the period for bad or doubtful debts in respect of amounts due by related parties and there are no provisions for doubtful debts in respect of outstanding amounts due by related parties.

12. Fair values of financial assets and financial liabilities

At 30 June 2023 and 31 December 2022, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

12. Fair values of financial assets and financial liabilities (continued)

The fair values of the debt securities in issue are disclosed in Note 9. The fair values of the other non-current financial liabilities and the non-current financial assets are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end. The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories below have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company and the group determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognition at fair value, other than those with carrying amounts that are reasonable approximations of fair value, and other than investments in subsidiaries, associates and jointly controlled entities, grouped into Levels 1 to 3.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

12. Fair values of financial assets and financial liabilities (continued)

Group	Level 1	Level 2	Level 3	Total	Carrying
	€	€	€	€	amount
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
2023					
Financial assets					
Loans and receivables	-	-	684,431	684,431	684,431
- receivables from related parties	-	-	547,413	547,413	547,413
- trade and other receivables	-	-	1,865,401	1,865,401	1,865,401
As at 30 June 2023	-	-	3,097,245	3,097,245	3,097,245
Financial liabilities					
Financial liabilities at amortised cost					
- other financial liabilities	-	-	26,600	26,600	26,600
- trade and other payables	-	-	7,196,517	7,196,517	7,196,517
- bank borrowings	-	80,679,671	-	80,679,671	80,679,671
- debt securities	37,074,000	-	-	37,074,000	36,824,396
As at 30 June 2023	37,074,000	80,679,671	7,223,117	124,976,788	124,727,184
	Level1	Level2	Level3	Total	Carrying
	€	€	€	€	amount
	Audited	Audited	Audited	Audited	Audited
2022					
Financial assets					
Deposit on the acquisition of investment	-	-	862,586	862,586	862,586
Loans and receivables	-	-	575,191	575,191	575,191
- receivables from related parties	-	-	1,690,837	1,690,837	1,690,837
- trade and other receivables	-	-	-	-	-
As at 31 December 2022	-	-	3,128,614	3,128,614	3,128,614

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

12. Fair values of financial assets and financial liabilities (continued)

	Level 1	Level 2	Level 3	Total	Carrying amount
	€	€	€	€	€
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Financial liabilities					
Financial liabilities at amortised cost					
- other financial liabilities	-	-	50,647	50,647	50,647
- trade and other payables	-	-	6,356,244	6,356,244	6,356,244
- bank borrowings	-	81,681,848	-	81,681,848	81,681,848
- debt securities	36,963,000	-	-	36,963,000	36,786,082
As at 31 December 2022	36,963,000	81,681,848	6,406,891	125,051,739	124,874,821

	Level 1	Level 2	Level 3	Total	Carrying amount
	€	€	€	€	€
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Holding company					
2023					
Financial assets					
Loans and receivables					
- receivables from related parties	-	-	59,004,307	59,004,307	59,004,307
- trade and other receivables	-	-	312,549	312,549	312,549
As at 30 June 2023	-	-	59,316,856	59,316,856	59,316,856

	Level 1	Level 2	Level 3	Total	Carrying amount
	€	€	€	€	€
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Financial liabilities					
Financial liabilities at amortised cost					
- other financial liabilities	-	-	19,587,420	19,587,420	19,587,420
- trade and other payables	-	-	7,982	7,982	7,982
- debt securities	37,074,000	-	-	37,074,000	36,824,396
As at 30 June 2023	37,074,000	-	19,595,402	56,669,402	56,419,798

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2023

12. Fair values of financial assets and financial liabilities (continued)

	Level 1	Level 2	Level 3	Total	Carrying amount
	€	€	€	€	€
	Audited	Audited	Audited	Audited	Audited
2022					
Financial assets					
Deposit on the acquisition of investment					
Loans and receivables	-	-	-	-	-
- receivables from related parties	-	-	58,730,406	58,730,406	58,730,406
- trade and other receivables	-	-	301,607	301,607	301,607
As at 31 December 2022	-	-	59,032,013	59,032,013	59,032,013
Financial liabilities					
Financial liabilities at amortised cost					
- other financial liabilities	-	-	15,896,575	15,896,575	15,896,575
- trade and other payables	-	-	1,557,644	1,557,644	1,557,644
- debt securities	36,963,000	-	-	36,963,000	36,786,082
As at 31 December 2022	36,963,000	-	17,454,219	54,417,219	54,240,301



Hili Properties p.l.c.

Statement Pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the period ended 30 June 2023

We confirm that to the best of our knowledge:

- a) The condensed interim financial statements give a true and fair view of the financial position of Hili Properties p.l.c. (the “company”) and its subsidiaries (the “group”) As at 30 June 2023, and the financial performance and cash flows of the company and the group for the six month period then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and
- b) The interim Directors’ report includes a fair review of the information required in terms of the Capital Market Rules 5.81 to 5.84.

Approved by the Board of Directors on the 24th August, 2023 and signed on its behalf by:

Pier Luca Demajo
Chairman

Georgios Kakouras
Managing Director