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SABINA ESTATES GROUP HOLDINGS LIMITED
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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SABINA ESTATES GROUP HOLDINGS LIMITED

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SABINA ESTATES GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors:

J Gray
G Rabbetts

Company secretary:

Oakwood Corporate Secretary Limited
3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT
United Kingdom

Registered Office:

3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT
United Kingdom

Independent auditor:

BDO LLP
55 Baker Street
London
W1U 7EU

SABINA ESTATES GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors submit their report and the audited consolidated financial statements of Sabina Estates Group Holdings Limited (the "Company"), which is incorporated under the laws of England and Wales, for the year ended 31 December 2022.

The Company was incorporated on 16 November 2015 and its registration number is 09874234.

The Company is ultimately controlled by Sabina Estates Limited, a Company incorporated in Guernsey.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period, under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company at the end of the period and of the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE TO AUDITOR OF RELEVANT INFORMATION

So far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment and advisory services to its subsidiary companies who undertake property development.

RESULTS AND DIVIDENDS

The results for the year are set out in the statement of comprehensive income on page 9. The Directors do not recommend a payment of a dividend (2021: Nil).

SABINA ESTATES GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors of the Company during the year and to date, unless otherwise stated, were:

J Gray
G Rabbetts

AUDITOR

BDO LLP has indicated their willingness to continue as auditor.

In preparing the Directors' Report advantage has been taken of the small companies' exemption.

Approved by the Board of Directors



J Gray



G Rabbetts

Date: 12/9/23

SABINA ESTATES GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABINA ESTATES GROUP HOLDINGS LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group and of the Parent Company's affairs as at 31 December 2022 and of its results for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sabina Estates Group Holdings "the Parent Company" and its subsidiaries "the Group" for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income and Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Cash Flow Statement and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a

SABINA ESTATES GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABINA ESTATES GROUP HOLDINGS LIMITED (CONTINUED)

Other information (continued)

material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies exemptions in preparing the Directors' report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Group's and the Parent Company'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 Group's and the Parent Company 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 (UK) 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

SABINA ESTATES GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABINA ESTATES GROUP HOLDINGS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and other management (as required by auditing standards);
- with the exception of any known or possible non-compliance, and as required by auditing standards, our work included agreeing the financial statement disclosures to underlying supporting documentation, review of board minutes and enquires with management; and
- we addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud in particular in relation to the allocation of work in progress to units sold during the period and the recoverability of stock, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Alexander Tapp

Alexander Tapp (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

Date: 14 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SABINA ESTATES GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME

| | Notes | 1 January 2022 to 31 December 2022 EUR | 1 January 2021 to 31 December 2021 EUR |
|--|-------|--|--|
| Revenue | 4 | 2,977,232 | 11,007,106 |
| Cost of sales | | (3,116,329) | (11,405,547) |
| Gross loss | | (139,097) | (398,441) |
| Administrative expenses | | (417,322) | (638,355) |
| Operating loss | | (556,419) | (1,036,796) |
| Finance income | | 79 | 4 |
| Finance expense | 6 | (3,597,523) | (14,033) |
| Interest charge | | - | (150,488) |
| Profit / (loss) on sale of fixed asset | | - | (12,983) |
| Sales commissions | | - | (528,653) |
| Other income | | - | 50,963 |
| | | (3,597,444) | (655,190) |
| Loss before taxation | | (4,153,863) | (1,691,986) |
| Taxation | 7 | (138,054) | (164,613) |
| Loss for the year | | (4,291,917) | (1,856,599) |
| Total comprehensive loss | | (4,291,917) | (1,856,599) |

All amounts relate to continuing activities. All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The notes on pages 14 - 29 form an integral part of these financial statements.


SABINA ESTATES GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | As at 31 December 2022 EUR | As at 31 December 2021 EUR |
|---|-----------|----------------------------------|----------------------------------|
| Non-current assets | | | |
| Fixed assets | 8 | 35,375 | 80,213 |
| | | 35,375 | 80,213 |
| Current assets | | | |
| Inventory | 10 | 150,556,743 | 102,467,695 |
| Trade and other receivables | 11 | 5,527,328 | 31,147,156 |
| Cash and cash equivalents | | 4,548,065 | 6,200,029 |
| | | 160,632,136 | 139,814,880 |
| Total assets | | 160,667,511 | 139,895,093 |
| Current liabilities | | | |
| Trade and other payables | 12 | 41,720,412 | 33,199,800 |
| Provision | 14 | 680,333 | - |
| | | 42,400,745 | 33,199,800 |
| Non-current liabilities | | | |
| Loans and other payables | 13 | 83,073,433 | 113,043,907 |
| Provision | 14 | 2,895,925 | - |
| | | 85,969,358 | 113,043,907 |
| Total liabilities | | 128,370,103 | 146,243,707 |
| Net assets / (liabilities) | | 32,297,408 | (6,348,614) |
| Equity attributable to equity holders of the group/company | | | |
| Share capital | 16 | 1 | 1 |
| Capital contribution | 17 | 42,937,939 | - |
| Retained losses | | (10,640,532) | (6,348,615) |
| Total equity | 18 | 32,297,408 | (6,348,614) |

The financial statements have been prepared in accordance with the provisions applicable to small companies within part 15 of the Companies Act 2006.

The financial statements on pages 9 - 29 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

J Gray 
Director

G Rabbetts 
Director

Date: 12/9/23

The notes on pages 14 - 29 form part of these financial statements.

SABINA ESTATES GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

| | | As at 31 December 2022 EUR | As at 31 December 2021 EUR |
|---|-----------|----------------------------------|----------------------------------|
| | Notes | | |
| Non-current assets | | | |
| Investment in subsidiaries | 19 | 31,277,276 | 3,000 |
| Fixed assets | 8 | 5,478 | 8,328 |
| Loans to subsidiaries | 9 | 48,219,284 | 89,811,065 |
| | | 79,502,038 | 89,822,393 |
| Current assets | | | |
| Trade and other receivables | 11 | 220,325 | 688,821 |
| Cash and cash equivalents | | 2,009,362 | 2,445,476 |
| | | 2,229,687 | 3,134,297 |
| Total assets | | 81,731,725 | 92,956,690 |
| Current liabilities | | | |
| Trade and other payables | 12 | 318,896 | 484,910 |
| Non-current liabilities | | | |
| Loans and other payables | 13 | 46,843,838 | 90,437,939 |
| Total liabilities | | 47,162,734 | 90,922,849 |
| Net assets | | 34,568,991 | 2,033,841 |
| Equity attributable to equity holders of the company | | | |
| Share capital | 16 | 1 | 1 |
| Capital contribution | 17 | 42,937,939 | - |
| Attributed (losses) / retained earnings | | (8,368,949) | 2,033,840 |
| Total equity | 18 | 34,568,991 | 2,033,841 |

For the financial year in question the Group has claimed exemption from filing the Company profit and loss under section 408 of the Companies Act 2006.

The Parent Company's loss after taxation for the year amounted to EUR 10,402,789 (2021: profit EUR 571,034).

The notes on pages 14 - 29 form part of these financial statements.

SABINA ESTATES GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital | Other reserves | Attributed losses as per CSOCI | Total |
|---------------------------------------|---------------|-------------------|-----------------------------------|--------------------|
| | EUR | EUR | EUR | EUR |
| At 1 January 2021 | 1 | - | (4,492,016) | (4,492,015) |
| Total comprehensive loss for the year | - | - | (1,856,599) | (1,856,599) |
| At 31 December 2021 | 1 | - | (6,348,615) | (6,348,614) |
| At 1 January 2022 | 1 | - | (6,348,615) | (6,348,614) |
| Capital contribution (see note 17) | - | 42,937,939 | - | 42,937,939 |
| Total comprehensive loss for the year | - | - | (4,291,917) | (4,291,917) |
| At 31 December 2022 | 1 | 42,937,939 | (10,640,532) | 32,297,408 |

COMPANY STATEMENT OF CHANGES IN EQUITY

| | Share capital | Other reserves | Retained earnings /(attributed losses) as per CSOCI | Total |
|---------------------------------------|---------------|-------------------|---|-------------------|
| | EUR | EUR | EUR | EUR |
| At 1 January 2021 | 1 | - | 1,462,806 | 1,462,807 |
| Total comprehensive gain for the year | - | - | 571,034 | 571,034 |
| At 31 December 2021 | 1 | - | 2,033,840 | 2,033,841 |
| At 1 January 2022 | 1 | - | 2,033,840 | 2,033,841 |
| Capital contribution (see note 17) | - | 42,937,939 | - | 42,937,939 |
| Total comprehensive loss for the year | - | - | (10,402,789) | (10,402,789) |
| At 31 December 2022 | 1 | 42,937,939 | (8,368,949) | 34,568,991 |

The notes on pages 14 - 29 form part of these financial statements.

SABINA ESTATES GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | 1 January 2022 to 31 December 2022 EUR | 1 January 2021 to 31 December 2021 EUR |
|---|-------|--|--|
| Cash flows from operating activities | | | |
| Loss before taxation | | (4,153,863) | (1,691,986) |
| Adjustments for: | | | |
| Depreciation | 8 | 55,600 | (122,274) |
| Amortisation of loan cost Fiduciam | 13 | 383,627 | 1,797,535 |
| Accrued exit fee Fiduciam | 13 | 760,000 | - |
| Accrued interest Fiduciam | | - | 262,180 |
| Accrued interest SEL | 13 | 5,343,838 | - |
| Finance income | | (79) | (4) |
| Interest charge | | - | 150,488 |
| Finance expense | 6 | 2,056 | - |
| Foreign exchange loss | 6 | 19,209 | 14,033 |
| Loss on sale of fixed asset | | - | 12,982 |
| | | 2,410,388 | 422,954 |
| Increase in inventory | 10 | (48,089,048) | (18,771,539) |
| Decrease / (increase) and other receivables | 11 | 25,619,828 | (29,689,471) |
| Increase in trade and other payables | 12 | 2,683,558 | 4,271,275 |
| Increase in sales deposits received | 12 | 9,424,696 | 23,741,355 |
| Income taxes paid | | (149,438) | (205,135) |
| Net cash generated used in operating activities | | (8,100,016) | (20,230,561) |
| Cash flows from investing activities | | | |
| Interest received | | 79 | 4 |
| (Purchase) / sale of fixed assets | 8 | (10,762) | 203,857 |
| Net cash (used in) / generated from investing activities | | (10,683) | 203,861 |
| Cash flows from financing activities | | | |
| Bank interest paid | | (2,056) | - |
| Loan interest paid Fiduciam | 13 | - | (150,488) |
| Loan repayments SEL VFN | 13 | (6,000,000) | 6,043,419 |
| Loan drawdowns Fiduciam | 13 | 12,480,000 | 3,540,838 |
| Net cash generated from financing activities | | 6,477,944 | 9,433,769 |
| Net decrease in cash for the year | | (1,632,755) | (10,592,931) |
| Cash at the beginning of the year | | 6,200,029 | 16,806,993 |
| Exchange losses on cash and cash equivalents | 6 | (19,209) | (14,033) |
| Cash and cash equivalents at the end of the year | | 4,548,065 | 6,200,029 |

The notes on pages 14 - 29 form part of these financial statements.

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated on 16 November 2015 and is incorporated under the laws of England and Wales. The Company's registered office is at 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

The audited consolidated financial statements of the Company for the year ended 31 December 2022 were authorised by the Board for issue on 12 September 2023.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with the International Accounting Standards in conformity with the requirements of the Companies Act 2006, and interpretations issued by the International Accounting Standards Board.

The preparation of financial statements in compliance with the accounting policies as set out below require the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

New standards, interpretations and amendments effective 1 January 2022

New standards impacting the Company that have been adopted in the annual financial statements for the year ended 31 December 2022 are:

- Reference to the Conceptual Framework – Amendments to IFRS 3.
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16.
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37.
- Annual improvements to IFRS Standards 2018-2020 (May 2020).
 - IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17 – Insurance contracts.
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IAS 1 – Classification of liabilities as current or non-current.
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies.
- Amendments to IAS 8 – Definition of accounting estimates.
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

Going Concern

At the date of approval of the consolidated financial statements the directors have a reasonable expectation that the Company and its Group have adequate resources to continue in operational existence for the foreseeable future.

The directors have considered the ability of the Group to meet its obligations as they fall due for at least 12 months from the date of the approval of the financial statements. The directors note that the loan is not repayable until December 2026 and the Group is operating within the existing facility agreement levels. The directors have prepared forecasts for the next 12 months which demonstrate that the Group will continue to operate within its existing facilities. On this basis the directors believe that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Functional and presentation currency

The overall objective of the Group is to generate returns in Euros and the Group's performance is evaluated in Euros. Therefore, the Directors consider Euros as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, made up to 31 December 2022. The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

Where necessary, adjustments are made to the financial statements of entities acquired to bring their accounting policies into line with those adopted by the Group.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Plant and equipment and motor vehicles

Plant and equipment is stated at historical cost less depreciation. Depreciation is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives which is between 3 to 5 years. Following depreciation rates are applied:

Furnishing: 10%
IT hardware: 25%
Construction: 20%
IT software: 33%
Vehicles: 25%

Inventory

The Group holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of land held for development and the development costs, the Group completes a financial appraisal of the expected revenue that will be generated when the inventories are completed and sold.

Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and the costs of completing the residential properties, the inventories are stated at cost. Where the assessed revenue is lower, the extent to which there is a shortfall is written off through the income statement leaving inventories stated at realisable value.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

Cash and short term deposits

Cash and short term deposits comprise cash at bank and short-term deposits with an original maturity of three months or less.

Trade and other payables

Trade and other payables are initially recognised at fair values and subsequently held at amortised cost.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all risks and rewards of ownership.

a) Financial assets

The Group's financial assets consist of receivables. Financial assets recognised on the consolidated statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible. Cash and short term deposits are also classified as loans and receivables. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

b) Impairment of financial assets

Impairment provisions for current and non-current trade receivables are recognized on a simplified approach within IFRS 9 looking at the probability of recoverability. During this process the probability of the ability of the recoverability of the financial assets are assessed. This probability is then multiplied by the amount of the expected recoverability arising from default to determine the lifetime or twelve month expected credit loss of the financial asset. For loans receivables, which are reporting net, such provisions are recorded in separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the loan receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

c) Financial liabilities

Other financial liabilities include trade payable, preference shares, loan payable and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are initially recorded at fair value and subsequently carried at amortised cost using the effective interest rate method.

Loan payable is initially recorded at fair value net of direct issue costs and subsequently carried at amortised cost using the effective interest rate method. Finance charges, and direct issue costs are capitalised to inventory.

Revenue recognition

Revenue from property sales

Revenue from sales is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of consideration received or receivable, excluding discounts rebates, value added tax and other sales taxes.

Revenue is recognised once the value of the transaction can be reliably measured and the significant risks and rewards of ownership have been transferred.

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

Revenue from services rendered

Revenue generated from ancillary services to the properties is recognized on the provision of the services.

Taxation

The Company is liable to UK tax arising on the results of its UK operations. The Group is liable to UK and Spanish tax arising on the results of its UK and Spanish operations.

The tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit or loss as reported in the consolidated statement of financial income because it excludes items of income and expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Dividends

Dividends payable are recognised in the period in which they are declared.

Value added tax

Revenue, expenditure, assets and liabilities are recognised net of the amount of value added tax except:

where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expenditure item as applicable and receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables, as appropriate, in the consolidated statement of financial position.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Inventory

The Group holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value management has made a number of judgements as to the current market conditions and expected development activity of each of the Group's sites. In addition, further judgements are made in relation to the anticipated build costs, development timeframes, availability of finance and selling price.

Impairment to loans

The Company provides loans to its subsidiary companies that are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. The assessment of any provision for impairment is based on expected credit losses as outlined in note 2.

Cost of sales

In the prior year, the Group sold a number of units in the development, the site wide costs have been allocated to each unit using an estimation of the allocation and added to the cost of sales. Significant judgement has been applied by the directors in the allocation of these costs.

Provision and contingencies

Where possible obligations arising from past events will only be confirmed by the occurrence or non-occurrence of future events not wholly within the control of the Group or where the amount of the obligation cannot be reliably estimated, the Group reviews such situations at each balance sheet date and makes judgements based on all information available to determine if an outflow of resources can be reliably estimated or not. If this is not possible a contingency is reported for each material case.

4. REVENUE

Revenue relates to sales of property within Spain and services rendered to ancillary services provided after sale of properties have completed.

| | 1 January 2022 to 31 December 2022 EUR | 1 January 2021 to 31 December 2021 EUR |
|-------------------|--|--|
| Revenue | - | 9,000,000 |
| Services rendered | 2,977,232 | 2,007,106 |
| | 2,977,232 | 11,007,106 |

5. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses (including directors) comprise:

| | 1 January 2022 to 31 December 2022 EUR | 1 January 2021 to 31 December 2021 EUR |
|---|--|--|
| Wages and salaries | 433,180 | 149,393 |
| Social security contributions and similar taxes | 74,886 | 16,365 |
| | 508,066 | 165,758 |

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCE EXPENSE

| | 1 January 2022 to 31 December 2022 EUR | 1 January 2021 to 31 December 2021 EUR |
|------------------------------------|--|--|
| Foreign exchange loss | 19,209 | 14,033 |
| Bank interest payable | 2,056 | - |
| Withholding tax payable & interest | 3,576,258 | - |
| | 3,597,523 | 14,033 |

7. TAXATION

| | 1 January 2022 to 31 December 2022 EUR | 1 January 2021 to 31 December 2021 EUR |
|-------------------------------|--|--|
| The tax expense for the year: | | |
| Current taxation | 139,505 | 164,613 |
| Prior year taxation | (1,451) | - |
| | 138,054 | 164,613 |

The charge of the year can be reconciled to the loss per the statement of comprehensive income as follows:

| | 1 January 2022 to 31 December 2022 EUR | 1 January 2021 to 31 December 2021 EUR |
|---|--|--|
| Loss before tax | (4,153,863) | (1,691,986) |
| Tax at the UK income tax rate of 19% | (789,234) | (321,477) |
| Difference in rates on Spanish profit (25% - 19%) | 5,220 | - |
| Prior year adjustment | (1,451) | - |
| Taxable profit on inter group transactions | 923,519 | 486,090 |
| | 138,054 | 164,613 |

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. FIXED ASSETS

| | Group As at 31 December 2022 EUR | Company As at 31 December 2022 EUR | Group As at 31 December 2021 EUR | Company As at 31 December 2021 EUR |
|-----------------------|--|--|--|--|
| Cost | | | | |
| At 1 January | 246,298 | 13,658 | 463,138 | 13,658 |
| Additions | 10,762 | - | 9,572 | - |
| Disposals | - | - | (226,412) | - |
| At 31 December | 257,060 | 13,658 | 246,298 | 13,658 |
| Depreciation | | | | |
| At 1 January | 166,085 | 5,330 | 288,359 | 2,480 |
| Change for the year | 55,600 | 2,850 | (122,274) | 2,850 |
| At 31 December | 221,685 | 8,180 | 166,085 | 5,330 |
| Net book value | 35,375 | 5,478 | 80,213 | 8,328 |

9. LOANS TO SUBSIDIARIES

| | Group As at 31 December 2022 EUR | Company As at 31 December 2022 EUR | Group As at 31 December 2021 EUR | Company As at 31 December 2021 EUR |
|---|--|--|--|--|
| Loan to Escloves | - | 656,410 | - | 963,970 |
| Profit Participation loan to Escloves | - | - | - | 158,040 |
| Loan to Escloves - Impairment | - | - | - | (158,040) |
| Loan to LIS | - | 1,969,231 | - | 2,201,063 |
| Profit Participation loan to LIS | - | - | - | 48,628 |
| Loan to Sabina Ibiza | - | 1,969,231 | - | 2,831,321 |
| Profit Participation loan to Sabina Ibiza | - | - | - | 60,785 |
| Loan to SE Tarida | - | 43,624,412 | - | 80,116,725 |
| Profit Participation loan to SE Tarida | - | - | - | 3,585,573 |
| Loan to Sabina Spain Limited | - | - | - | 3,000 |
| | - | 48,219,284 | - | 89,811,065 |

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. INVENTORY

| | Group As at 31 December 2022 EUR | Company As at 31 December 2022 EUR | Group As at 31 December 2021 EUR | Company As at 31 December 2021 EUR |
|---------------------------------------|--|--|--|--|
| At 1 January | 102,467,695 | - | 83,696,156 | - |
| Disposals | (947,980) | - | (10,491,526) | - |
| Direct costs incurred | 36,996,479 | - | 18,656,812 | - |
| Overhead costs allocated to inventory | 1,924,700 | - | 1,430,602 | - |
| Interest costs allocated to inventory | 10,295,627 | - | 9,853,543 | - |
| Write down | (179,778) | - | (677,892) | - |
| | 150,556,743 | - | 102,467,695 | - |

Included within inventory for 2022 is an amount of EUR 369,107 (2021: EUR 240,049) for stock held within the club house.

11. TRADE AND OTHER RECEIVABLES

| | Group As at 31 December 2022 EUR | Company As at 31 December 2022 EUR | Group As at 31 December 2021 EUR | Company As at 31 December 2021 EUR |
|-------------------------------|--|--|--|--|
| VAT recoverable | 354,032 | 161 | 147,022 | 11,168 |
| Credit card deposits | 74,564 | 74,564 | 76,629 | 76,629 |
| Prepayments and other debtors | 5,098,732 | 145,600 | 30,923,505 | 601,024 |
| | 5,527,328 | 220,325 | 31,147,156 | 688,821 |

12. TRADE AND OTHER PAYABLES

| | Group As at 31 December 2022 EUR | Company As at 31 December 2022 EUR | Group As at 31 December 2021 EUR | Company As at 31 December 2021 EUR |
|----------------------------------|--|--|--|--|
| Amounts due within 1 year | | | | |
| Tax and social security payable | 373,133 | - | 369,168 | - |
| Corporation tax payable | 128,104 | 118,793 | 150,856 | 139,488 |
| Warranty retention | 1,046,569 | - | 329,612 | - |
| Sales deposits held | 35,467,147 | - | 26,042,451 | - |
| Other creditors and accruals | 4,558,037 | - | 4,254,571 | 8,448 |
| Loan interest payable | 125,992 | 200,103 | 87,362 | 336,974 |
| VAT payable | 21,430 | - | 1,965,780 | - |
| | 41,720,412 | 318,896 | 33,199,800 | 484,910 |

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. LOANS AND OTHER PAYABLES

| | | Group As at 31 December 2022 EUR | Company As at 31 December 2022 EUR | Group As at 31 December 2021 EUR | Company As at 31 December 2021 EUR |
|---------------------------------|-------|--|--|--|--|
| Amounts due in more than 1 year | Notes | | | | |
| Fiduciam loan payable | a) | 36,980,000 | - | 24,500,000 | - |
| Less: unamortised loan costs | b) | (1,510,405) | - | (1,894,032) | - |
| Add: exit fee accrual | c) | 760,000 | - | - | - |
| VFN loan payable | d) | 41,500,000 | 41,500,000 | 90,437,939 | 90,437,939 |
| VFN interest loan | e) | 5,343,838 | 5,343,838 | - | - |
| | | 83,073,433 | 46,843,838 | 113,043,907 | 90,437,939 |

a) On 23 December 2021, Sabina Estates Tarida, SL (subsidiary of the Company) entered into a loan facility agreement with Fiduciam. The loan is secured over a number of units included in inventory as well as on the shares of the Spanish subsidiary and its immediate parent Sabina Estates Spain Limited. The loan is for a maximum facility of EUR 110,000,000 subject to a financial covenant where the loan cannot exceed 50% of gross development value. Interest is accrued at 0.8% per month. The loan is repayable on 23 December 2026. There is an option to extend the loan repayment date by a further two years and increase the loan amount up to EUR 150,000,000.

b) There were a number of fees incurred in connection with the Fiduciam loan. These include an arrangement fee, an exit fee and associated professional fees. These were amortised over the term of the loan.

c) The Fiduciam loan includes an exit fee of EUR 3,800,000, this fee is to be accrued over the term of the loan.

d) Effective 11 November 2016, the Company (VFN Issuer) entered into a Variable Funding Note (VFN) purchase deed with its parent entity, Sabina Estates Limited (VFN Purchaser) (the "VFN loan 1"). The VFN loan 1 has a facility limit of EUR 200,000,000 and attracted annual interest at 8.5%, which was payable quarterly, with a final maturity date of 10 December 2025. Subsequently the VFN loan 1 has been amended and restated on 4 March 2022, the key amendments were:

- to broaden the use of proceeds of the VFN to enable the VFN Issuer to repay an existing facility made available to the VFN Issuer by the VFN Purchaser and to invest in new projects carried out by the VFN Issuer and its affiliates or non-affiliates by on-lending or direct investment of the proceeds of the VFN;
- to extend the maturity date to 10 December 2035;
- to amend the rate of interest payable by the VFN Issuer in respect of the VFN to 11% per annum;
- to amend the interest payment dates to 15 June and 15 December in each year; and
- the Company's parent forgave the loan by EUR 42,938,000 which has been treated as a capital contribution. See note 17.

During 2022, the VFN loan 1 incurred interest of EUR 5,344,000 (2021: EUR 7,201,000), repaid EUR 11,344,000 (2021: EUR 7,009,000) and had drawdowns of EUR Nil (2021: EUR 6,043,000).

e) Effective 4 March 2022, the Company (VFN Issuer) entered into a Variable Funding Note (VFN) purchase deed with its parent entity, Sabina Estates Limited (VFN Purchaser) (the "VFN loan 2"). VFN loan 2 will be used to pay the interest on VFN loan 1. The facility limit of VFN loan 2 is EUR 100,000,000, It has a maturity date of 10 December 2035 and attracts annual interest at 0.000001%. During 2022, the VFN loan 2 incurred interest of EUR Nil (2021: EUR Nil), repaid EUR Nil (2021: EUR Nil) and had drawdowns of EUR 5,344,000 (2021: EUR Nil).

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. PROVISION

Commencing in 2022 and concluding in 2023 the Spanish tax authorities undertook a tax review on Sabina Estates Tarida, SL. As a result of the tax audit it was found that Sabina Estates Tarida, SL had a withholding tax liability amounting to EUR 3,367,797 and late payment interest of EUR 208,461. The provision amounts are as detailed in the table below.

| | Group As at 31 December 2022 EUR | Company As at 31 December 2022 EUR | Group As at 31 December 2021 EUR | Company As at 31 December 2021 EUR |
|--|--|--|--|--|
| Withholding tax due within 12 months | 604,726 | - | - | - |
| Late payment interest due within 12 months | 75,607 | - | - | - |
| | 680,333 | - | - | - |
| Withholding tax due after 12 months | 2,763,071 | - | - | - |
| Late payment interest due after 12 months | 132,854 | - | - | - |
| | 2,895,925 | - | - | - |
| | 3,576,258 | - | - | - |

15. CONTINGENT LIABILITY

Following delays in meeting contractual deadlines and other contractual breaches, Sabina Estates Tarida, S.L.U. terminated its contract with the initial contractor of the site at Cala Tarida and hired a new contractor to complete the work. During 2021, Sabina Estates Tarida, S.L.U. received a claim from the initial contractor of Phase 1 (the "Claimant"). The total amount of the claim was EUR 4.6 million plus legal costs. During June 2022, the Company filed a counter claim against the Claimant of EUR 6m. During November 2022 the Claimant filed a further claim of EUR 7.4m against the Company.

The preliminary hearing was held on March 29, 2023, in which, the expert reports of both parties, various testimonies as well as the presentation by Sabina Estates, of a supplement to the expert report, were provided. The claim was further heard on May 31, 2023 at which point the courts found in favour of the Claimant to the value of EUR 388,820.

The Directors have obtained opinions from both legal and engineering firms and considered that there is no basis for the majority of the matters set out in the claims, as such the Company is appealing the Courts decision.

The Directors of the Group have received a fee estimate for the costs of the appeal for EUR 160,000. The Directors of the Group have also received a legal opinion that the likelihood that the court will find fully in favour of the Claimant and dismiss the Group's appeal to be very unlikely. On this basis, no provision for damages has been raised due to the uncertainties relating to the amount, if any, and the timing of any possible payments. The legal expenses of EUR 160,000 has been provided for in full during the year and is included in trade and other payable at the year end.

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SHARE CAPITAL

| | Group As at 31 December 2022 EUR | Company As at 31 December 2022 EUR | Group As at 31 December 2021 EUR | Company As at 31 December 2021 EUR |
|--------------------------|--|--|--|--|
| Issued and fully paid | | | | |
| Ordinary shares of GBP 1 | 1 | 1 | 1 | 1 |

| | Number of shares | Number of shares |
|--------------------------|------------------|------------------|
| Ordinary shares of GBP 1 | 1 | 1 |

On 16 November 2015 1 ordinary share of £1 was issued at par value.

17. CAPITAL CONTRIBUTION

On 4 March 2022 Sabina Estates Limited (the Company's parent) forgave the VFN loan by EUR 42,937,939 which has been treated as a capital contribution. See note 25 for changes since the balance sheet date.

18. EQUITY

The following describes the nature and purpose of each component within equity:

| Component | Description and purpose |
|----------------------|--|
| Share capital | The amount subscribed for ordinary share capital at nominal value. |
| Capital contribution | Capital contribution from shareholder other than share capital. |
| Retained earnings | The amount of any profit or loss for the period after payment of dividend. |

19. INVESTMENT IN SUBSIDIARIES

| | As at 31 December 2022 EUR | As at 31 December 2021 EUR |
|--|-------------------------------------|-------------------------------------|
| Cost of in investment in Sabina Estates Spain Limited | 3,000 | - |
| Capital contribution in Sabina Estates Spain Limited* | 40,264,234 | - |
| Impairment on investment in Sabina Estates Spain Limited** | (9,500,000) | - |
| Investment in Sabina Estates Spain Limited | 30,764,234 | - |
| Cost of in investment in Sabina Estates Sociedad Limited | 3,000 | 3,000 |
| Capital contribution in Sabina Estates Sociedad Limited*** | 2,009,046 | - |
| Impairment on investment in Sabina Estates Spain Limited**** | (1,499,004) | - |
| Investment in Sabina Estates Spain Limited | 513,042 | 3,000 |
| Total investment in subsidiaries | 31,277,276 | 3,000 |

*On 4 March 2022, following a restructure of the wider groups' financing arrangements, the Company made a further equity contribution into Sabina Estates Spain Limited to the value of EUR 40,264,234.

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

******Taking into consideration the current net asset valuations of Sabina Estates Spain Limited and its subsidiary, the Directors considered it appropriate to impair the investment in Sabina Estates Spain Limited, as at 31 December 2022, by EUR 9,500,000.

*******On 4 March 2022, following a restructure of the wider groups' financing arrangements, the Company made a further equity contribution into Sabina Estates Sociedad Limited to the value of EUR 2,009,046

********Taking into consideration the current net asset valuations of Sabina Estates Sociedad Limited and its subsidiaries, the Directors considered it appropriate to impair the investment in Sabina Estates Sociedad Limited, as at 31 December 2022, by EUR 1,499,004.

20. FINANCIAL RISK MANAGEMENT

20.1 Financial risk factors

Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's management.

The Group's overall risk management program seeks to maximise the returns derived from the level of risk to which the Group is exposed and seeks to minimise potential adverse effects on the Group's financial performance.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies; and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements:

(i) Foreign currency risk

The Group has minimal exposure to foreign currency risk as it has no significant financial assets and financial liabilities denominated in currencies other than euro.

(ii) Price risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities.

As the Group's interest bearing liabilities consist of loan payable and preference shares for which the interest rate has been fixed, changes in market interest rates do not have any significant direct effect on the Group's income.

(iii) Cash flow and fair value interest rate risk

As the Group's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's income.

The average effective interest rates of financial instruments at the date of the statement of financial position, were as follows:

Cash and cash equivalents – (0.05)%

Loan payable – 11% (per annum)

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

20.1 Financial risk factors (continued)

b) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group has no significant concentrations of credit risk. Credit risk arises from cash and short term deposits held at banks and trade receivables.

The Group manages its credit risk by ensuring that cash and short term deposits are only maintained with banks with a suitable credit rating.

The maximum exposure to credit risk is the carrying amount of the financial assets as set out below:

| | As at 31 December 2022 EUR | As at 31 December 2021 EUR |
|---------------------------|----------------------------------|----------------------------------|
| Credit card deposits | 74,564 | 76,629 |
| Other debtors | 5,098,732 | 30,923,505 |
| Cash and cash equivalents | 4,548,065 | 6,200,029 |
| | 9,721,361 | 37,200,163 |

The fair value of financial assets and financial liabilities at 31 December 2022 approximates their carrying value.

The maximum exposure to credit risk before any credit enhancements at 31 December 2022 is the carrying amount of the financial assets as set out in the statement of financial position.

c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board of Directors its advisers seek to have appropriate credit facilities in place on a project by project basis, either from available cash resources or from bank facilities.

The Group's liquidity position is monitored on a weekly basis and is reviewed monthly by management along with cash flow forecasts.

A summary table with maturity of financial assets and liabilities is presented below:

At 31 December 2022

| | On demand EUR | < 1 year EUR | 1-5 years EUR | 5-10 years EUR | Total EUR |
|-----------------------------|------------------|-----------------|------------------|-------------------|--------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 4,548,065 | - | - | - | 4,548,065 |
| Trade and other receivables | 5,173,295 | - | - | - | 5,173,295 |
| | 9,721,360 | - | - | - | 9,721,360 |

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

20.1 Financial risk factors (continued)

c) Liquidity risk (continued)

At 31 December 2022

| Financial liabilities | On demand EUR | < 1 year EUR | 1-5 years EUR | 5-10 years EUR | Total EUR |
|--------------------------|------------------|-----------------|------------------|-------------------|--------------|
| Loan payable | - | - | 83,073,433 | - | 83,073,433 |
| Trade and other payables | 41,197,745 | - | - | - | 41,197,745 |
| Provision | - | 680,333 | 2,895,925 | - | 3,576,258 |
| | 41,197,745 | 680,333 | 85,969,358 | - | 127,847,436 |

At 31 December 2021

| Financial assets | On demand EUR | < 1 year EUR | 1-5 years EUR | 5-10 years EUR | Total EUR |
|-----------------------------|------------------|-----------------|------------------|-------------------|--------------|
| Cash and cash equivalents | 6,200,029 | - | - | - | 6,200,029 |
| Trade and other receivables | 31,000,134 | - | - | - | 31,000,134 |
| | 37,200,163 | - | - | - | 37,200,163 |

At 31 December 2021

| Financial liabilities | On demand EUR | < 1 year EUR | 1-5 years EUR | 5-10 years EUR | Total EUR |
|--------------------------|------------------|-----------------|------------------|-------------------|--------------|
| Loan payable | - | - | 113,043,907 | - | 113,043,907 |
| Trade and other payables | 30,713,996 | - | - | - | 30,713,996 |
| | 30,713,996 | - | 113,043,907 | - | 143,757,903 |

20.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group uses preference shares, cash and equity to achieve this.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

20.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

20.3 Fair value estimation (continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

21. FINANCIAL INSTRUMENTS

| | 2022 Fair value | 2022 Carrying value | 2021 Fair value | 2021 Carrying value |
|-----------------------------|--------------------|---------------------------|--------------------|---------------------------|
| Financial assets | EUR | EUR | EUR | EUR |
| Trade and other receivables | 5,173,296 | 5,173,296 | 31,000,134 | 31,000,134 |
| Cash and cash equivalents | 4,548,065 | 4,548,065 | 6,200,029 | 6,200,029 |
| | 9,721,361 | 9,721,361 | 37,200,163 | 37,200,163 |

| | 2022 Fair value | 2022 Carrying value | 2021 Fair value | 2021 Carrying value |
|--------------------------|--------------------|---------------------------|--------------------|---------------------------|
| Financial liabilities | EUR | EUR | EUR | EUR |
| Loan payable | 83,073,433 | 83,073,433 | 114,937,939 | 114,937,939 |
| Trade and other payables | 41,197,745 | 41,197,745 | 30,713,996 | 30,713,996 |
| Provision | 3,576,258 | 3,576,258 | - | - |
| | 127,847,436 | 127,847,436 | 145,651,935 | 145,651,935 |

22. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Sabina Estates Limited, which is a parent company of Sabina Estates Group Holdings Limited, provided the Company with Variable Funding Note loan facility, which attracts monthly interest of 11% (2021: 8.5%), with interest payment dates to of 15 June and 15 December in each year. The loan balance is due for repayment on 10 December 2035 (refer to note 13 for further detail).

| | 2022 EUR | 2021 EUR |
|-----------------------------|--------------|-------------|
| Loan balance b / fwd | 90,437,939 | 84,394,520 |
| Drawdowns | - | 6,043,419 |
| Repayments / VFN write down | (43,594,101) | - |
| Loan balance c / fwd | 46,843,838 | 90,437,939 |
| Interest b / fwd | 336,974 | 144,844 |
| Interest charged | 5,206,973 | 7,201,001 |
| Interest paid | (5,343,844) | (7,008,871) |
| Interest balance c / fwd | 200,103 | 336,974 |

SABINA ESTATES GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The company wholly owns the following subsidiary undertakings:

| | County of Incorporation | Nature of business | % of ownership |
|-------------------------------|-------------------------|--------------------------|----------------|
| Sabina Estates, SL | Spain | Holding Company | 100% |
| Sabina Ibiza Investments, SL* | Spain | Property owner/developer | 100% |
| Sabina Estates Tarida, SL* | Spain | Property owner/developer | 100% |
| Lis Ibiza Investments, SL* | Spain | Property owner/developer | 100% |
| Escloves Real Estate, SL* | Spain | Property owner/developer | 100% |
| Ipomea Real Estate SL* | Spain | Property owner/developer | 100% |
| Socrota Real Estate SL* | Spain | Property owner/developer | 100% |
| Misurina Real Estate SL* | Spain | Property owner/developer | 100% |
| Sabina Estates Spain Ltd | UK | Holding Company | 100% |

** Indirectly held*

The registered office of all the Spanish subsidiaries is Carre Motril s/n, 07829 Sant Agusti Des Vedra, Ibiza Illes Balears, Spain.

The registered office of the UK subsidiary is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT, United Kingdom.

24. CONTROLLING PARTY

The Company is 100% owned by Sabina Estates Limited, a Guernsey registered company.

25. SUBSEQUENT EVENTS

- a) As detailed in note 15, a legal case was heard on May 31, 2023 at which point the courts found in favour of the Claimant to the value of EUR 388,820. The Directors have obtained opinions from both legal and engineering firms and considered that there is no basis for the majority of the matters set out in the claims, as such the Company is appealing the Courts decision. The Directors of the Group have received a fee estimate for the costs of the appeal for EUR 160,000. The Directors of the Group have also received a legal opinion that the likelihood that the court will find fully in favour of the Claimant and dismiss the Group's appeal to be very unlikely. On this basis, no provision for damages has been raised due to the uncertainties relating to the amount, if any, and the timing of any possible payments. The legal expenses of EUR 160,000 has been provided for in full during the year and is included in trade and other payable at the year end.
- b) No other events have been identified between 1 January 2023 and the date the financial statements were approved by the board that would require any disclosure.