Tum Finance plc

C91228

Consolidated Financial Statements
for the period from
26 March 2019 to 31 December 2019

Contents

Tum Finance plc

General information

Registration
Tum Finance plc ('the Company') is registered in Malta as a public limited liability company under the Companies Act (Cap. 386, Laws of Malta). The Company was registered on 26 March 2019 and its registration number is C 91228.

Board of Directors
Mr. Anthony Fenech
Mr. Matthew Fenech
Mr. Silvan Fenech
Mr. Stanley Portelli
Mr. Mario Vella
Mr. William Wait

Company Secretary
Dr. Keith Farrugia (resigned on 13 August 2019)
Dr. Malcolm Falzon (appointed on 13 August 2019)

Registered Office
Tum Invest
Mdina Road
Qormi, QRM9010
Malta

Bankers
Lombard Bank Malta plc
67, Republic Street
Valletta VLT1117
Malta

Bank of Valletta plc
45, Republic Street
Valletta VLT1113
Malta

Auditor
Ernst & Young Malta Limited
Fourth Floor
Regional Business Centre
Achille Ferris Street
Msida MSD1751
Malta

Tum Finance plc

Director’s report

The Board of Directors of Tum Finance p.l.c. (the “Company”) submit their annual report and the annual financial statements of the Company (on a separate and consolidated basis) for the period ended 31 December 2019.

Principal activity
The Company and its subsidiaries (the “Group”) are involved in real estate development, investment and leasing in Malta. The Company holds investments in subsidiaries for capital growth and income generation. It also provides financing to companies forming part of the Group and to other related companies.

Performance review
The statement of comprehensive income is set out on page 14. During the period, the Group generated a profit before tax of EUR10,043,212. The results for the period are influenced by the fair value gain registered on investment property held by the Group which amounted to EUR9,735,611. The Company generated a profit before tax of EUR19,843.

Dividends
During the period ended 31 December 2019, the Company did not declare any dividends.

Financial risk management
The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Please refer to note 26 in these financial statements.

Events after the end of reporting period
Such events are disclosed in Note 27 to the financial statements.

Future Developments
The directors expect that the present level of activity will improve in 2020 following the completion of the development on its investment property. Rental agreements are in place with new tenants which will ensure significant occupancy of the premises.

Directors
The names of the directors of the Company who held office during the period to date are set out on page 1. In accordance with the Company’s Memorandum and Articles of Association, the present directors shall remain in office for a period of three (3) years from their date of appointment.

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

Statement of directors' responsibilities pursuant to Listing Rule 5.68
The directors are required by the Companies Act (Cap. 386) of the laws of Malta (the "Companies Act") to prepare financial statements in accordance with generally accepted accounting principles and practice which give a true and fair view of the state of affairs of the Company at the end of each financial period and of the profit or loss of the Company for the period then ended.

In preparing the financial statements, the directors should:

- Select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.
- account for income and charges relating to the accounting period on the accrual basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the directors to ensure that the financial statements comply with the Companies Act and the International Financial Reporting Standards as adopted by the EU. This responsibility includes designing, implementing and maintaining such internal control as the director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern Statement Pursuant to Listing Rule 5.62
The directors have assessed the appropriateness of the going concern basis by reviewing cash forecasts prepared by management. These projections take into account the effect of Covid-19 on the cash flow, which is further discussed in Note 27 of these financial statements and indicate that the Group will have sufficient resources to meet its obligations as they fall due. The shareholders have furthermore confirmed their commitment to support the Group financially or otherwise should this be required.

At the time of approving these financial statements, the Directors have determined that there is a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

The Directors' report was approved by:

Silvan Fenech
Executive Director

Anthony Fenech
Executive Director

30 June 2020

Tum Finance plc

Statement of compliance with the principles of Good Corporate Governance

1. Introduction

The Listing Rules issued by the Listing Authority require companies listed on the Official List of the Malta Stock Exchange to endeavour to adopt and observe The Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Listing Rules (the **“Code”**).

Although the Code sets out (non-mandatory) recommended principles of good practice, the Board of Directors of the Company (the **“Board”** or the **“Directors”**) consider that such practices are generally in the best interests of the Company, its shareholders, its bondholders, and other stakeholders, and that compliance with the Code evidences the Company’s and the Directors’ commitment to high standards of good corporate governance.

This Corporate Governance Statement (the **“Statement”**) sets out the organisational structures, controls practices and processes in place within the Company and explains how these effectively achieve the goals set out in the Code. For this purpose, the Statement will make reference to the pertinent provisions and principles of the Code and set out the manner in which the Directors believe these have been adhered to. Where the Company has not complied with any of the principles of the Code, this Statement provides an explanation for such non-compliance. Reference in this Statement to compliance with the principles of the Code means compliance with the Code’s main principles and provisions.

The Board has carried out a review of the Company’s compliance with the Code during the period under review and is hereby reporting on the extent of its adoption of the provisions and principles of the Code for the financial year being reported, as required in terms of Listing Rule 5.97.

2. Compliance

The Company has adopted a corporate decision-making and supervisory structure that is tailored to suit its requirements and designed to ensure the existence of adequate controls and procedures within the Company, whilst retaining an element of flexibility essential to allow the Company to react promptly and efficiently to circumstances arising in respect of its business, taking into account its size and the economic conditions in which it operates.

The Directors are of the view that the Company has employed structures which are most suitable and complementary for the size, nature, operations and level of complexity of the Company. Accordingly, in general the Directors believe that the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of control in line with the Company’s requirements.

In particular, it is pertinent to note that the Company has no employees of its own and its principal purpose is to act as a financing and holding vehicle for the group, consisting of the Company and its direct (Tum Operations Limited - C91301) and indirect subsidiaries (Center Parc Holdings Limited – C72342) and Easysell Limited – C9778) respectively (referred to as the **“Tum Finance Group”**), in view of which, the Directors deem some of the principles and provisions of the Code to be disproportionate or inapplicable to the Company, as explained further below.

Principle 1: The Board

The Directors believe that for the period under review, the Company has generally complied with the requirements of this principle and the relative Code provisions.

The Board is composed of members who are fit and proper to direct and manage the business of the Company with honesty, competence and integrity. All the members of the Board are aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company and its status as a listed company and the Board is cognisant of its accountability for its own performance and that of its delegates. The Board of Directors is primarily responsible for:

- devising the corporate and business strategy of the Company;
- setting and reviewing internal policies, procedures and controls of the Company;
- the overall management and supervision of the Company;
- reviewing and evaluating internal control procedures, financial performance and business risks and opportunities facing the Company.

Throughout the period under review, the Board has maintained systems designed to ensure that the Directors obtain timely information at regular intervals or when the need arises.

The Board has delegated specific responsibilities to the Audit Committee, under formal terms of reference approved by the Board. Further detail in relation to the Audit Committee may be found in the sections headed 'Principles 4 and 5' of this Statement hereunder.

Principle 2: Chairman and Chief Executive Officer

Given that the Company acts as the holding and financing arm of the Tum Finance Group and does not carry out other operations of its own, the Company has not appointed a Chief Executive Officer. Nevertheless, it has appointed a separate Chairperson, whose role is to lead the Board. During the period under review, Mr Anthony Fenech (an executive director of the Company) occupied the post of Chairperson.

Principle 3: Composition of the Board

In terms of the Articles of Association of the Company, the Board of Directors of the Company shall consist of a minimum of three (3) directors and a maximum of six (6) directors.

In terms of the Articles of Association of the Company, the Directors of the Company (save for the managing director, if any) shall retire from office every three (3) years. Retiring Directors shall, however, be eligible for re-appointment. The Company shall give its shareholders, having voting rights, at least fourteen (14) days written notice to submit candidates for the election to Directors, and the appointment (and removal) of Directors shall be made by an ordinary resolution.

The Board of Directors of the Company is comprised of six (6) directors, three (3) of whom are executive directors, and three (3) of whom are independent non-executive directors. All of the present Directors of the Company were appointed with effect from the date of registration of the Company.

Director	Capacity	Date of Appointment
Mr. Anthony Fenech	Executive Director (Chairperson)	26th March 2019
Mr. Matthew Fenech	Executive Director	26th March 2019
Mr. Silvan Fenech	Executive Director	26th March 2019
Dr. Stanley Portelli	Independent and Non-Executive Director	26th March 2019
Mr. Mario Vella	Independent and Non-Executive Director	26th March 2019
Mr. William Wait	Independent and Non-Executive Director	26th March 2019

For the purpose of Code Provision 3.2, three (3) of the Directors are considered by the Board to be independent within the meaning of the Listing Rules, such independent directors being Dr. Stanley Portelli, Mr. Mario Vella, and Mr. William Wait.

The non-executive Directors contribute to the strategic development of the Company and the creation of long-term growth of the Company and are responsible for:

- constructively challenging and developing strategy;
- monitoring reporting of performance;
- scrutinising performance of management; and
- ensuring the integrity of financial information, financial controls and risk management systems.

Save as disclosed above, none of the non-executive Directors of the Company:

a) are or have been employed in any capacity by the Company;
b) receive significant additional remuneration from the Company;
c) have close family ties with any of the executive members of the Board;
d) have been within the last three (3) years an engagement partner or a member of the audit team of the present or past external auditor of the Company; and
e) have a significant business relationship with the Company.

In terms of Code Provision 3.4, each non-executive Director has declared in writing to the Board that he undertakes:

- to maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his independence; and
- to clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

Principle 4 and 5: The Responsibilities of the Board and Board Meetings

The Board of Directors is entrusted with the overall direction, administration and management of the Company and meets on a regular basis to discuss and take decisions on matters concerning the strategy, operational performance and financial performance of the Company.

In fulfilling its mandate, the Board assumes responsibility to:

a) establish appropriate corporate governance standards;
b) review, evaluate and approve, on a regular basis, long-term plans for the Company;
c) review, evaluate and approve the Company's budgets, forecasts and financial statements;
d) review, evaluate and approve major resource allocations and capital investments;
e) review the financial and operating results of the Company;
f) ensure appropriate policies and procedures are in place to manage risks and internal control;
g) review, evaluate and approve the overall corporate organisation structure;
h) review, evaluate and approve compensation to Directors;
i) ensure effective communication with shareholders, bondholders, other stakeholders and the market.

In fulfilling its responsibilities, the Board continuously assesses and monitors the Company's present and future operations, opportunities, threats, and risks in the external environment, and its current and future strengths and weaknesses in its internal environment.

The Board delegates certain specific responsibilities to the Audit Committee.

The Board believes that it has systems in place to fully comply with Principle 5 and the relative Code Provisions, in that it has systems in place to ensure reasonable notice of meetings of the Board and ensuring that the Directors receive discussion papers in advance of meetings, to the extent possible.

The Directors are assisted by the company secretary, who is consulted to ensure compliance with statutory requirements and with continuing listing obligations. The company secretary keeps minutes of all meetings of the Board and of its committees, which minutes are subsequently circulated to the Board as soon as practicable after the meeting.

The Company also maintains detailed records of all dealings by Directors of the Company and its subsidiaries, as well as senior executives thereof in the Company's bonds, and assists the Board and senior management in being duly informed of and conversant with their obligations emanating from the Market Abuse Regulation (EU Regulation 596/2014) ("**MAR**") and ensuring compliance therewith, to ensure the prevention and detection of insider dealing, unlawful disclosure of inside information and, or market abuse. In particular, cognisant of the material consequences of non-compliance with MAR and the effects thereof on investor confidence and market integrity, the Board has in place written policies and procedures relating to the keeping of insiders' lists, dealing in bonds of the Company, and procedures for persons in possession of inside information.

The Directors have access to independent professional advice on any aspect of their duties and responsibilities, or the business and activities of the Company, at the Company's expense should they so require.

The Board of Directors of the Company met formally three (3) times during the period under review in its offices in Malta. The number of board meetings attended by the individual directors for the period ended 31 December 2019 is as follows:

Name	Capacity	Meetings attended while in office
Mr. Anthony Fenech	Executive Director (Chairperson)	2/3
Mr. Matthew Fenech	Executive Director	3/3
Mr. Silvan Fenech	Executive Director	2/3
Dr. Stanley Portelli	Independent and Non-Executive Director	3/3
Mr. Mario Vella	Independent and Non-Executive Director	3/3
Mr. William Wait	Independent and Non-Executive Director	3/3

Principle 6: Information and Professional Development

The Directors receive periodic information on the Company's and Group's financial performance and position, and the Company Secretary is available for the provision of training programmes as and when necessary.

Principle 7: Evaluation of the Board's Performance

The Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the rules by which the Company is regulated as a listed company.

Principle 8: Committees

The Directors believe that, due to the Company's size and operations, it is not necessary to establish committees regarding remuneration, board evaluation and nominations as suggested by the Code and the Directors have formulated the view that these functions can efficiently and effectively be undertaken by the Board itself.

In view of the above, the Board undertakes an annual review of the remuneration structure applicable to Directors, and carries out a self-evaluation of the performance of the Board. The aggregate remuneration that may be paid by the Company Directors is subject to the approval of the shareholders at the annual general meeting of the Company.

In this respect, it is pertinent to note that the remuneration that may be paid to the Directors is fixed and the Directors are not entitled to any performance based or variable remuneration. Furthermore, the Directors of the Company are not entitled to profit-sharing, share options or pension benefits.

<u>Audit Committee</u>

The Board of Directors of the Company has established an Audit Committee and has formally set out Terms of Reference governing the scope of its composition, role, functions, powers, duties and responsibilities, as well as the procedures and processes to be complied with in its activities.

The Audit Committee is a sub-committee of the Board and fulfils an oversight role in connection with the quality and integrity of the Company's financial statements. Towards this end, the over-arching objective of the Audit Committee is that of assisting the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process and the process for monitoring compliance with applicable laws and regulations.

The Audit Committee is expected to deal with and advise the Board on issues of financial risk, control and compliance, and associated assurance of the Company, including:

i. ensuring that the Company adopts, maintains and, at all times, applies appropriate accounting and financial reporting processes and procedures;
ii. monitoring of the audit of the Company's management and annual accounts;
iii. facilitating the independence of the external audit process and addressing issues arising from the audit process and ensuring good communication between internal and external audit activities, as applicable;
iv. reviewing of the systems and procedures of internal control implemented by management and of the financial statements, disclosures and adequacy of financial reporting;
v. making of recommendations to the Board in relation to the appointment of the external auditors and the approval of the remuneration and terms of engagement of the external auditors, following the relative appointment by the shareholders in the annual general meeting;
vi. monitoring and reviewing of the external auditors' independence and, in particular, the provision of additional services to the Company;
vii. considering and evaluating the arm's length nature of related party transactions that the Company carries out to ensure that the execution of any such transactions are, indeed, at arm's length and on a sound commercial basis and ultimately in the best interests of the Company;
viii. ensuring that the Company, at all times, maintains effective financial risk management and internal financial and auditing control systems, including compliance functions; and
ix. assessing any potential conflicts of interests between the duties of Directors and their respective private interests, or their duties and interests unrelated to the Company.

The Audit Committee is made up entirely of non-executive Directors, all of whom are independent of the Company. Audit Committee members are appointed for as long as they remain independent non-executive Directors, unless terminated earlier by the Board. During the period under review, the Audit Committee was composed of:

-	Mr. Mario Vella	Chairperson of the Audit Committee
-	Dr. Stanley Portelli	Member of the Audit Committee
-	Mr. William Wait	Member of the Audit Committee

The Chairperson of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Audit Committee. Mr Mario Vella occupied the post of Chairperson of the Audit Committee during the period under review.

Mr. Mario Vella and Mr. William Wait are considered by the Board to be competent in accounting and/or auditing in terms of the Listing Rules, based on their respective extensive experience occupying financial management and auditing roles within various private and public entities, as well as their respective skills and competencies in financial reporting, financial management, financial auditing and general financial advisory.

In performing its duties, the Audit Committee is to maintain effective working relationships with the Board of Directors, management and the external auditors of the Company.

The Audit Committee has also met on three (3) occasions during the financial period ended 31 December 2019, which meetings were attended by all its members. The Audit Committee is scheduled to meet at least four (4) times in 2020.

Remuneration Statement

In terms of Rule 8A.4 of the Code, the Company is to include a remuneration statement in its annual report which shall include details of the remuneration policy of the Company and the financial packages of the Board of Directors.

In terms of Article 96 of the Articles of Association of the Company, it is the shareholders of the Company in the General Meeting who determine the maximum annual aggregate remuneration payable to the Directors. The aggregate amount to be proposed for approval for this purpose at the first Annual General Meeting is EUR36,000.

None of the Directors of the Company is employed by the Company. The Non-Executive Directors are party to service contracts with the Company.

No part of the remuneration paid to the Directors is performance-based. None of the Directors, in their capacity as a director of the Company, is entitled to profit sharing, share options or pension benefits.

The Non-Executive Directors received EUR27,000 in aggregate for services rendered during the period ended 31 December 2019.

Principle 9: Relations with shareholders (and bondholders) and the market

The Company is committed to ensuring an open channel of communication with its shareholders, bondholders, other stakeholders and the wider market. The publication of interim and annual financial statements, together with ongoing company announcements, keep the market informed of developments relating to the Company and, in the case of bondholders, of developments pertinent to their investment in the Bonds. The Board feels that such communication provides the market with adequate information about its activities.

In addition, the Company's website (http://tumfinance.com/index.php/investor-relations/) acts a central source of information about the Company, its business, and developments relating thereto.

Principle 10: Institutional shareholders

The Company is privately held and has no institutional shareholders, therefore Principle 10 of the Code does not apply to the Company.

Principle 11: Conflicts of Interest

The Directors are fully aware of their responsibility to always act in the best interests of the Company and its shareholders irrespective of whoever appointed or elected them to serve on the Board.

On joining the Board and regularly thereafter, directors and officers of the Company are informed and reminded of their obligations on dealing in securities of the Company within the parameters of law and Listing Rules. The Company has also established an internal code of dealing and reporting procedures.

It is the practice of the Board that when a potential conflict of interest arises in connection with any transaction or other matter, the potential conflict of interest is declared, so that steps may be taken to ensure that such items are appropriately addressed. By virtue of the Memorandum and Articles of Association, the Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the Company. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote in respect of any contract, arrangement, transaction or proposal in which he/she has a material interest. The Board believes that this is a procedure that achieves compliance with both the letter and rationale of Principle Eleven of the Code.

Save as stated below, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Company:

i. Mr. Anthony Fenech (an executive director and Chairperson of the Company) is the sole ultimate beneficial owner of the Company. The sole beneficial owner, and members of his family, are members of the board of directors of several entities within the Tum Finance Group. In particular, Mr. Anthony Fenech himself is a director of Tum Operations Limited (C91301) and Easysell Limited (C9778);
ii. Mr. Silvan Fenech (an executive director of the Company) is also a director on the board of directors of all companies forming part of the Tum Finance Group;
iii. Mr. Matthew Fenech (an executive director of the Company), is also a director on the board of directors of all companies forming part of the Tum Finance Group;
iv. the board of directors of the sole parent company of the Company (that is, of TUM Invest Limited, C69572), is comprised of Mr. Anthony Fenech, Mr. Silvan Fenech and Mr. Matthew Fenech;
v. Mr. Mario Vella (an independent non-executive director of the Company) sits on the board of directors of all the companies within the Tum Finance Group.

The Executive Directors of the Company and Mr Vella are thus susceptible to conflicts between the potentially divergent interests of the Tum Finance Group.

Moreover, conflicts may further arise given lender-borrower relationship subsisting between the Company and its direct (Tum Operations Limited - C91301) and indirect subsidiaries (Center Parc Holdings Limited - C72342) and Easysell Limited - C9778) respectively.

Conflicts may also arise given one of the tenants leasing part of the Secured Asset (the property owned by Easysell Limited at Mdina Road, Qormi) is one third owned by Tum Invest Limited (C69572), whose directors are in common with directors of the Company and the companies forming part of the Tum Finance Group.

Principle 12: Corporate Social Responsibility

The Tum Finance Group makes regular contributions to social and charitable causes and projects and adheres to accepted principles of corporate social responsibility as well as business and ethical standards.

3. Non-Compliance with the Code

The Directors have adopted a corporate governance framework within the Company that is designed to better suit the Company, its business, scale, and complexity, whilst ensuring proper checks and balances.

Taking the above into account and considering that the Code is not mandatory and that the provisions thereof may be departed from provided that reasonable and justifiable circumstances exist and are adequately explained, the Directors set out below the Code Provisions with which the Company does not comply and what are, in its view, a reasonable and justifiable basis for such departure from the recommendations set out in the Code relating to the composition of the Board.

Principle 7: Evaluation of the Board's Performance (Code provision 7.1)	The Board has not appointed a committee for the purpose of undertaking an evaluation of the Board's performance in accordance with the requirements of Code Provision 7.1. Having conducted an informal review of its own performance over the period under review it is the Board's view that all members of the Board, individually and collectively, have contributed in line with the required levels of diligence and skill. In addition, the Board believes that its current composition endows the Board with a cross-section of skills and experience, not only with respect to the specific business of the Company, but also in a wider range of business areas and skills. This process was conducted by the Board itself rather than by a Committee chaired by a non-executive Director as required by the Code. The Board believes that the size of the Company and the Board itself does not warrant the establishment of a committee specifically for the purpose of carrying out a performance evaluation of its role. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the Company's Board is such that it should enable it to evaluate its own performance without the requirement of setting up an *ad-hoc* committee for this purpose. The Board shall retain this matter under review over the coming year.

Principle 8A: Remuneration Committee (Code provision 8.A.1) and Nominations Committee (Code provision 8.B.1)	The Board has not established a Remuneration and/or Nominations Committee. The Board has formulated the view that the size, structure and management of the Company are such that the establishment of an *ad hoc* Remuneration Committee is not warranted, and the responsibility for the establishment, review and implementation of the Company's remuneration policies has been retained within the remit of the Board itself. In particular, the Board notes that the current remuneration policy of the Company comprises purely fixed-rate remuneration, with no entitlement to any performance-based remuneration, or any entitlement to share options, retirement pension benefits or other benefits. Furthermore, the Board believes that the procedure for the nomination and appointment of Directors contained in the Articles of Association are commensurate to the size and operations of the Company, and does not consider the requirement to establish an *ad hoc* Nominations Committee to be necessary for the Company. Instead, the Board takes on the role of periodically assessing the skills, knowledge and experience of individual directors for the Board to have the appropriate level of skill, knowledge and experience, that would endow the Board with the requisite collective competence for the proper functioning, management and oversight of the Company by the Board.
Principle 9: Relations with shareholders and the market (Code provision 9.3)	There are no formal procedures in place within the Company for the resolution of conflicts between minority and controlling shareholders, nor do the Memorandum and Articles of Association of the Company contemplate any mechanism for arbitration in these instances.
Principle 9: Relations with shareholders and the market (Code provision 9.4)	The Company does not have a formal policy in place to allow minority shareholders to present an issue to the Board. In practice, however, the open channel of communication between the Company and minority shareholder, being the Chairman of the Board of Directors, is such that any issue that may merit bringing to the attention of the Board may be transmitted via the company secretary or directly by the said Chairman.

4. Internal Controls

The key features of the Company's systems of internal controls are as follows:

The Company's internal control system is designed to ensure proper annual reporting, implementation of the four-eyes principle to mitigate risks and compliance with local and international laws and regulations.

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to achieve business objectives and to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

The Company's financial reporting are prepared by the finance team of the Company and the Company's Directors.

The Company's financial statements are subject to an audit by the independent auditors of the Company - Ernst & Young Malta. The audited and approved financial statements will be presented to the Company's shareholders by the Board of Directors of the Company for its formal adoption at the next Annual General Meeting of shareholders of the Company.

5. General Meetings

Annual General Meeting (AGM)

The AGM is the highest decision-making body of the Company.

All shareholders registered in the shareholders' register at the relevant registration record date, have the right to participate in the AGM and to vote thereat. A shareholder who cannot participate in at the AGM can be represented by proxy.

A general meeting is deemed to have been duly convened if at least twenty-one (21) days' notice is given in writing to all persons entitled to receive such notice, which must specify the place, the day and the hour of the meeting, and in case of special business, the general nature of that business, and shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such special business. The notice period may be reduced to fourteen (14) days if certain conditions are satisfied. The quorum of shareholders required is not less than fifty percent (50%) of the nominal value of the issued and paid-up shares entitled to attend and vote at the meeting.

The agenda of the AGM will comprise of the ordinary business of the AGM, covering the presentation and approval of the Annual Report and Financial Statements, the declaration of dividends, election of Directors and the approval of their remuneration, the appointment of the auditors and the authorisation of the Directors to set the auditors' fees, together with any special business specified in the notice calling the AGM.

Extraordinary General Meetings (EGMs)

The Directors may convene an extraordinary general meeting whenever they think fit. In addition, any member/s of the Company holding at least ten per cent (10%) of the equity securities of the Company conferring a right to attend and vote at general meetings of the Company, may convene an extraordinary general meeting.

Signed on behalf of the Board of Directors by:

Silvan Fenech
Executive Director

Anthony Fenech
Executive Director

30 June 2020

Tum Finance plc

Statement of profit or loss and other comprehensive income

For the period from 26 March 2019 to 31 December 2019

	Notes	**The Group 2019 EUR**	**The Company 2019 EUR**
Revenue	*6*	**962,897**	**220,041**
Administrative and other operating expenses	*7*	**(378,182)**	**(59,897)**
Change in fair value of investment property	*11*	**9,735,611**	-
Operating profit		**10,320,326**	**160,144**
Finance income	*8*	**-**	**250,509**
Finance costs	*9*	**(277,114)**	**(390,810)**
Profit before tax		**10,043,212**	**19,843**
Income tax (expense) / credit	*10*	**(1,382,312)**	**35,070**
Profit for the period		**8,660,900**	**54,913**
Other comprehensive income for the period		**-**	**-**
Total comprehensive loss for the period		**8,660,900**	**54,913**
Attributable to:			
Equity holders of the company		**7,243,734**	**-**
Non-controlling interests		**1,417,166**	**-**

(Note **-** There are no comparative figures as this is the Company's first set of financial statements since incorporation).

Tum Finance plc

Statement of financial position

31 December 2019

	Notes	The Group 2019 EUR	The Company 2019 EUR
ASSETS			
Non-current assets			
Investment property	*11*	**57,553,874**	**-**
Property, Plant and Equipment	*12*	**44,619**	**-**
Investment in subsidiary	*13*	**-**	**20,074,623**
Loans to related companies	*14*	**-**	**19,600,000**
		57,598,493	**39,674,623**
Current assets			
Loans to related companies	*14*	**-**	**250,479**
Due from related parties	*15*	**509,812**	**220,041**
Trade and other receivables	*16*	**392,387**	**3,001**
Cash and cash equivalents	*17*	**1,085,125**	**5,331**
Tax recoverable		**35,070**	**35,070**
		2,022,394	**513,922**
TOTAL ASSETS		**59,620,887**	**40,188,545**

(Note - There are no comparative figures as this is the Company's first set of financial statements since incorporation).

Tum Finance plc

Statement of financial position - continued

31 December 2019

	Notes	The Group 2019 EUR	The Company 2019 EUR
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	18	17,693,000	17,693,000
Retained earnings	18	7,243,734	54,913
Capital Contribution	18	2,456,016	2,456,016
Other reserves	18	542,683	-
Equity attributable to the owners of the parent		27,935,433	20,203,929
Non-controlling interests		2,655,234	-
Total equity		30,590,667	20,203,929
Non-current liabilities			
Deferred tax liability	22	5,122,221	-
Lease liabilities	23	191,782	-
Debt securities in issue	19	19,534,152	19,534,152
		24,848,155	19,534,152
Current liabilities			
Trade and other payables	20	2,881,162	60,000
Debt securities in issue	19	390,464	390,464
Due to related parties	21	817,515	-
Tax payable		92,924	-
		4,182,065	450,464
Total liabilities		29,030,220	19,984,616
TOTAL EQUITY AND LIABILITIES		59,620,887	40,188,545

(**Note** - There are no comparative figures as this is the Company's first set of financial statements since incorporation).

These financial statements on pages 14 to 53 were approved by the directors, authorised for issue on 30 June 2020 and signed by:

Silvan Fenech
Executive Director

Anthony Fenech
Executive Director

Tum Finance plc

Group consolidated statement of changes in equity

For the period from 26 March 2019 to 31 December 2019

	Share capital EUR	Retained earnings EUR	Other reserves EUR	Capital contribution EUR	Non-controlling interest EUR	Total EUR
Balance as at 26 March 2019						
Issue of share capital	17,693,000	-	-	-	-	17,693,000
Acquisition of a subsidiary (note 2)	-	-	542,683	-	1,238,068	1,780,751
Total comprehensive income for the period						
Profit for the financial period	-	7,243,734	-	-	1,417,166	8,660,900
Capital contributed	-	-	-	2,456,016	-	2,456,016
Balance as at 31 December 2019	**17,693,000**	**7,243,734**	**542,683**	**2,456,016**	**2,655,234**	**30,590,667**

(Note - There are no comparative figures as this is the Company's first set of financial statements since incorporation).

Tum Finance plc

Company statement of changes in equity

For the period from 26 March 2019 to 31 December 2019

	Share capital	Retained earnings	Capital Contribution	Total
	EUR	EUR	EUR	EUR
Balance as at 26 March 2019				
Issue of share capital	17,693,000	-	-	17,693,000
Total comprehensive income for the period	-	54,913	-	54,913
Capital contributed	-	-	2,456,016	2,456,016
Balance as at 31 December 2019	**17,693,000**	**54,913**	**2,456,016**	**20,203,929**

(Note - There are no comparative figures as this is the Company's first set of financial statements since incorporation).

Tum Finance plc

Statement of cash flows

For the period from 26 March 2019 to 31 December 2019

	Note	The Group 2019 EUR	The Company 2019 EUR
Cash flows used in operating activities			
Profit before tax		10,043,212	19,843
Adjustments for:			
Depreciation		14,873	-
Finance costs		277,114	390,810
Finance income		-	(250,509)
Dividend income		-	(120,041)
Gain on change in fair value of investment property		(9,735,611)	-
Operating profit before working capital movement		599,588	40,103
Movement in trade and other receivables		303,210	(3,001)
Movement in due from related parties		210,554	(75,077)
Movement in trade and other payables		1,995,203	60,000
		3,108,555	22,025
Income taxes paid		(38,411)	-
Net cash flows from operating activities		3,070,144	22,025
Cash flows used in investing activities			
Purchase of property, plant and equipment	*12*	(59,492)	-
Purchase of investment property	*11*	(5,581,729)	-
Loans advanced to related parties		(300,000)	-
Loans to subsidiaries		-	(19,600,000)
		(5,941,221)	(19,600,000)
Cash flows from financing activities			
Proceeds from capital issued		49,500	49,500
Proceeds from debt securities issued		19,533,806	19,533,806
Repayment of bank loans		(15,620,060)	-
Repayment of lease liabilities		(7,044)	-
Net cash flows from financing activities		3,956,202	19,583,306
Net movement in cash and cash equivalents		1,085,125	5,331
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period	*17*	1,085,125	5,331
Non-cash investment activities:			
Acquisition of subsidiaries	*2*	(13,427,000)	(20,074,623)
Dividend Income		-	120,041
Non-cash financing activities:			
Issue of share capital	*18*	17,643,500	17,643,500
Capital contribution	*18*	2,456,016	2,456,016
Settlement of related party balances	*2*	6,672,516	-

(Note - There are no comparative figures as this is the Company's first set of financial statements since incorporation).

1. Company's information and activities

Tum Finance plc is a public limited company registered in Malta under the Companies Act, (Cap. 386) with registration number C91228. The registered office of the company is Tum Invest, Mdina road, Qormi.

The company is 99.9 % owned subsidiary of Tum Invest Limited. The company acts as an investment and holding company, whilst the Group is engaged in the investment, development and operation of a shopping mall and other immovable properties in Qormi, Malta.

2. Business combination under common control

During the financial period ending 31 December 2019, Tum Invest Limited (the parent Company) entered into various linked transactions ('the restructuring transactions'). As a result of the restructuring, Tum Finance plc and Tum Operations were established and Tum Finance plc. became direct parent entity of Tum Operations Limited, and acquired and became the ultimate parent of Center Parc Holdings Limited and Easysell Limited (formerly Easysell KIA Limited) through its direct subsidiary, Tum Operations Limited. A new sub-group was hence created at Tum Finance plc level.

This transaction qualifies as a reorganisation of entities under common control because the ultimate controlling party had control over the combined resources both before and after the transfer. A business combination under common control can be accounted for using either the acquisition method or the pooling of interest method. Management is of the views that the pooling of interest method is the most appropriate method, since the logic of pooling is that there is no change in control. Therefore the pooling of interest method of accounting has been used in the consolidated financial statements. Accordingly, the assets and liabilities of the combining entities are reflected at their carrying values and goodwill is only recognised by any of the combining entities, if it pertains to already existing goodwill.

In applying the pooling of interests method, an entity has a choice of two views for its accounting policy, which must then be applied consistently: (i) restatement of periods prior to the combination under common control or (ii) no restatement of periods prior to the combination under common control. Management has selected the second option, such that the business combination under common control is accounted for from the date of the transaction, being 25 April 2019 and accordingly the consolidated financial statements for the combined entity were not restated for periods prior to the combination under common control occurring.

2.1 Basis of preparation and statement of Compliance

The single and consolidated financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of Cap. 386 of the Laws of Malta.

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

The single and consolidated financial statements of the company for the period from 26 March 2019 to 31 December 2019 are authorised for issue in accordance with a resolution of the directors on 30 June 2020.

2.2 Going concern assumption

As at 31 December 2019, the Group's current liabilities exceeded current assets by EUR2,159,651.

The directors have assessed the appropriateness of the going concern basis by reviewing cash forecasts prepared by management. These projections take into account the effect of Covid-19 on the cash flow, which is further discussed in Note 27 of these financial statements and indicate that the Group will have sufficient resources to meet its obligations as they fall due. The shareholders have furthermore confirmed their commitment to support the Group financially or otherwise should this be required.

At the time of approving these financial statements, the Directors have determined that there is a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Tum Finance plc (or the "Company") and subsidiary entities controlled by the Company. Control exists when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. In assessing control, potential voting rights that give the Company the current ability to direct the investee's relevant activities are taken into account.

2.3 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements reflect the financial position and operation of the company and its subsidiaries as listed below (together the 'Group').

Entities	Principal Activities	Country of Incorporation	Ownership Interest
Subsidiaries			
Tum Operations Limited	Investment and holding company	Malta	100%
Easysell Limited (indirectly through Tum Operations Limited)	Holding and management of immovable property	Malta	100%
Center Parc Holdings (indirectly through Tum Operations Limited	Development and operations of shopping mall	Malta	75%

The registered office of all the subsidiaries within the Group is Tum Invest, Mdina Road, Qormi, Malta.

3. Significant accounting policies

Investments in subsidiaries

A subsidiary is an entity that is controlled by the company. The company controls an investee when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries, except for investments classified as held for sale, are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Dividends from the investment are recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The terms of financial instruments that are issued, the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument are evaluated to determine whether the financial instruments are financial liabilities, financial assets or equity instruments or whether they contain separate components, in which case such components are classified separately as financial liabilities, financial assets and equity instruments.

3. Significant accounting policies (continued)

Other financial instruments

Financial instruments issued by the company, or any component thereof, are classified with equity instruments if both the following conditions are met:

(a) The financial instruments include no contractual obligation:

(i) to deliver cash or another financial asset to another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the company.

(b) If the financial instruments will or may be settled in the company's own equity instruments, they are:

(i) non-derivatives that include no contractual obligation for the company to deliver a variable number of its own equity instruments; or
(ii) derivatives that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments (excluding instruments that have certain stipulated features or instruments that are contracts for the future receipt or delivery of the company's own equity instruments

Where any of these conditions are not satisfied, financial instruments issued by the company, or any component thereof, are classified with financial liabilities, except for those that have certain stipulated features, which are classified as equity instruments as an exception.

<u>Financial assets</u>

The significant accounting policies for financial assets are as follows:

(i) Classification of financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued)

Financial Assets (continued)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (‘FVTOCI’):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (‘FVTPL’).

The Company only holds financial assets measured at amortised cost.

(ii) The business model
An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

(iii) Debt instruments measured at amortised cost
The following financial assets are classified within this category – trade and other receivables and cash at bank.

Appropriate allowances for expected credit losses (‘ECLs’) are recognised in profit or loss in accordance with the Company’s accounting policy on ECLs.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Changes in the carrying amount as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received if recognised in profit or loss and is presented separately in the line item ‘Gains and losses arising from the derecognition of financial assets measured at amortised cost’.

Interest income is recognised using the effective interest method and is included in the line item ‘Investment income’.

Trade receivables which do not have a significant financing component are initially measured at their transaction price and subsequently stated at their nominal value less any loss allowance for ECLs.

3. Significant accounting policies (continued)

Financial Assets (continued)

(iv) Interest income using the effective interest method
Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Financial liabilities and equity

The significant accounting policies for financial liabilities and equity are as follows:

(i) Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method. Bank loans are recognised at nominal value, subsequently carried at amortised cost.

(ii) Other borrowings

Subsequent to initial recognition, other borrowing are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(iii) Trade and other payables

Trade payables are classified with current liabilities and are stated at their nominal value.

(iv) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

Redemptions or refinancing of equity instruments are recognised as changes in equity.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

If not measured as a financial liability at FVTPL and if not arising from a transfer of a financial asset, financial guarantee contracts issued by the Company are subsequently measured at the higher of the following:

(a) the amount of the loss allowance determined in accordance with IFRS 9; and
(b) the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies. In the case of financial guarantee contracts, the maximum exposure to credit risk is the maximum amount the entity could have to pay if the guarantee is called on.

3. Significant accounting policies (continued)

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

ECLs

The Company recognises a loss allowance for ECLs on the following – debt instruments measured at amortised cost.

The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

For other trade receivables that do not contain a significant financing component, the Company applies the simplified approach and recognises lifetime ECL. Under the simplified approach the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial instruments, the Company uses the general approach and recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ('12m ECL'). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying value.

3. Significant accounting policies (continued)

Impairment of other assets

All assets are tested for impairment in terms of this accounting policy except for financial assets measured at fair value through profit or loss.

At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value (which 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) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss.

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss.

Revenue recognition

The Company recognises revenue from the following major sources:

- Rental income from the renting of investment property
- Interest income

4. Significant accounting policies (continued)

Revenue recognition (continued)

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of value added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rental income

Rental income from investment property is recognized in profit or loss on a straight-line basis over the lease term.

(ii) Interest income

Interest income is recognised using the effective interest method

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Leases

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

3. Significant accounting policies (continued)

Leases (continued)

The lease term is determined as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Company as a lessee

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, unless otherwise stated below.

For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, the Company applies the recognition exemption. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the pattern of the lessee's benefit.

Lease payments included in the measurement of the lease liability comprise:

(a) Fixed lease payments (including in-substance fixed payments), less any lease incentives receivables;

(b) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

(c) The amount expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest in the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets are initially measured at the commencement date at cost, being the amount of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

3. Significant accounting policies (continued)

The Company as a lessee (continued)

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets classified with investment property are subsequently measured at fair value in line with the accounting policy for investment property.

In the statement of financial position, right-of-use assets that meet the definition of investment property are presented with investment property. In the statement of financial position, lease liabilities are included separately from other liabilities.

In the statement of profit or loss and other comprehensive income, interest expense on the lease liability is presented separately from the depreciation charge for the right-of-use asset. In the statement of cash flows, cash payments for the principal portion of the lease liability are presented within financing activities and cash payments for the interest portion of the lease liability are presented within operating activities. Short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of the lease liability are included within operating activities.

The Company as a lessor

Leases for which the Company is a lessor continue to be classified as finance or operating leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

3. Significant accounting policies (continued)

The Company as a lessor (continued)

Leased assets are presented in the statement of financial position according to their nature and are tested for impairment in accordance with the company's accounting policy on impairment. Depreciable leased assets are depreciated in accordance with the company's accounting policy on depreciation. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the leased asset.

Amounts due from lessees under a finance lease are presented in the statement of financial position as receivables at the amount of the Company's net investment in the lease and include initial direct costs [unless the finance lease involves manufacturer or dealer lessors]. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment in the finance lease.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

Fair values of financial assets and financial liabilities

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 determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

3. Significant accounting policies (continued)

Investment property

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

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

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the de-recognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Property, plant and equipment

Property, plant and equipment other than right of use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any directly attributable cost of preparing the asset for its intended use.

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

Machinery and Computer equipment	-	25%

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

3. Significant accounting policies (continued)

Property, plant and equipment- (continued)

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

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from 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.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for the carryforward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Significant accounting policies (continued)

Taxation – (continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current tax assets and liabilities are offset when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

Dividends

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared.

Dividends to holders of equity instruments, or of the equity component of a financial instrument issued by the company, are recognised directly in equity. Dividends relating to a financial liability, or to a component that is a financial liability, are recognised as an expense in profit or loss and are presented in the statement of profit or loss and other comprehensive income with finance costs.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

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

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

Fair value of investment property

The Group uses the services of professional valuers to revalue the investment property. The professional valuers take into account market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. As described in Note 11, the Company uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of investment property. Note 11 provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations.

5. Initial Application of an International Financial Reporting Standard and International Financial Reporting Standards in Issue but not yet Effective

Initial Application of an International Financial Reporting Standard

IAS 12 Amendments (as part of the Annual Improvements to IFRS Standards 2015 – 2017 Cycle)

The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

International Financial Reporting Standards in Issue but not yet Effective

IAS 1 and IAS 8 Amendment Definition of material

The amendments as applicable for reporting periods ending on or after 1 January 2020 clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The directors anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the company in the period of initial application.

6. Revenue

	Period 26 March to 31 December 2019	
	The Group	**The Company**
	EUR	**EUR**
Rental income	**837,165**	**-**
Dividend income	**-**	**120,041**
Other income	**125,732**	**100,000**
	962,897	**220,041**

Management assess the operations of the Group as one reporting segment on the basis that the Group has one line of activity based in one jurisdiction. Accordingly no segment disclosures are being presented.

7. Administrative and other operating expenses

	Period 26 March to 31 December 2019 The Group EUR	The Company EUR
Auditor's remuneration	**25,000**	**7,500**
General and other expenses	**15,071**	**1,397**
Advertising and marketing	**43,677**	**1,151**
Licenses and fees	**16,378**	**14,994**
FSS and Tax	**16,413**	**2,100**
Legal and professional fees	**10,505**	**7,285**
Director's fees	**25,470**	**25,470**
Depreciation	**14,873**	**-**
Salaries and wages	**133,242**	**-**
Fine and penalties	**55,194**	**-**
Insurance	**22,359**	**-**
	378,182	**59,897**

No fees other than the fees for the annual statutory audit where charged by the auditor during the period.

The Group had an average of 4 employees during the period under review.

8. Finance Income

	Period 26 March to 31 December 2019 The Group EUR	The Company EUR
Interest income	**-**	**250,509**
	-	**250,509**

9. Finance Costs

	Period 26 March to 31 December 2019 The Group EUR	The Company EUR
Bank charges	**346**	**346**
Interest on debt securities in issue	**269,724**	**390,464**
Interest expense on lease liabilities	**7,044**	**-**
	277,114	**390,810**

10. Income tax expense / (credit)

	Period 26 March to 31 December 2019 The Group EUR	The Company EUR
Current tax expense / (credit)	**96,263**	**(35,070)**
Deferred tax expense	**1,286,049**	**-**
	1,382,312	**(35,070)**

The tax on the Company's profit differs from the theoretical amount that would arise using the basis tax rate as follows:

	The Group EUR	The Company EUR
Profit before tax	**10,043,212**	**19,843**
Theoretical tax charge at 35%	**3,515,124**	**6,945**
Tax effect of:		
Non-deductible expenses	**148,618**	**22,623**
Refund under full imputation system	**(64,638)**	**(64,638)**
Income taxed on different basis at difference rates (note i)	**(2,216,792)**	-
Tax expense / (credit)	**1,382,312**	**(35,070)**

i) This relates to the fair value of investment property which is taxed at 8-10% on the market value.

11. Investment property

	The Group EUR 2019	The Company EUR 2019
At 26 March 2019	**-**	**-**
Additions from acquisition of subsidiaries	**42,115,829**	**-**
Additions from subsequent expenditure	**5,702,434**	**-**
Increase in fair value of property	**9,735,611**	
At 31 December 2019	**57,553,874**	**-**
Carrying amount		
At 31 December 2019	**57,553,874**	**-**

11. Investment property (continued)

The Group continued development of its investment property during the period. The amount of borrowing costs capitalised during the period ended 31 December 2019 was EUR120,705. Included in the fair value of investment property is a right of use asset in respect of ground rents payable on the land over which the property is constructed. The remaining term of the lease is of 120 years.

Investment property is revalued by professionally qualified architects or surveyors on the basis of assessments of the fair value of the property in accordance with international valuations standards and professional practice.

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

For property held, the current use equates to the highest and best use.

Rental income derived from the investment property amounted to EUR837,165. Direct operating expenses were incurred in the generation of this rental income amounted to EUR396,110.

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

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

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

11. Investment property (continued)

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

The valuation was determined based on the income approach (discounted projected cash flows).

	Valuation technique	**Significant Unobservable Inputs**	**Discount Rate**	**Narrative Sensitivity**
Investment Property	Income Approach	Discount rate	6%	The higher the discount rate, the lower the fair value
		Rental Value per Square metre	€97-€147	The higher the price per square metre, the higher the fair value
		Rent growth per annum	0.5%-5%	The higher the rent growth, the higher the fair value

Sensitivity analysis

	Change in Rate	**Change in value**
		EUR' million
Discount rate sensitivity	0.5% / (0.5)%	(6.4) / 8.2
Rental value per square metre sensitivity	+5% / (5)%	3.3 / (3.3)

12. Property, Plant and equipment

	The Group
	Computer Equipment and Generator EUR
Cost	
Balance at 26 March 2019	-
Acquisition of subsidiaries	-
Additions	59,492
Balance at 31 December 2019	**59,492**
Accumulated depreciation	
Balance at 26 March 2019	-
Acquisition of subsidiairies	-
Provision for the period	14,873
Balance at 31 December 2019	**14,873**
Carrying Amount	
At 31 December 2019	**44,619**

The Company held no property, plant and equipment as at 31 December 2019.

13. Investment in subsidiary

	The Company EUR
At Cost	
As at 26 March 2019	**-**
Additions	**20,074,623**
As at 31 December 2019	**20,074,623**

Investments in subsidiaries, except for investments classified as held for sale, are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Dividends from the investment are recognised in profit or loss.

13. Investment in subsidiary (continued)

The registered office of the subsidiary is Tum Invest, Mdina road, Qormi, QRM9010, Malta. The aggregate amount of capital and reserves and the results of the subsidiary for the last relevant financial period were as follows:

	Capital and reserves EUR	Profit for the period EUR
Tum Operations Limited (audited)	**20,544,676**	**99,533**

	Proportion of Ownership interest %
Tum Operations Limited	**100**

14. Loan to related companies

	The Company EUR 2019
Non-Current:	
Loan receivable from subsidiary (Note i)	**13,250,000**
Cumulative redeemable preference shares (Note ii)	**6,350,000**
As at 31 December 2019	**19,600,000**
Current:	
Loan receivable from subsidiary (Note i)	**250,479**
As at 31 December 2019	**250,479**

i. The amounts owed by subsidiary are unsecured and subject to interest rate of 3.75% per annum. The loan is repayable in nine equal installments paid annually on the 20th of June with the first installment becoming due on 20th June 2021.

ii. The preference shares are entitled to a fixed cumulative preferential dividend of 3.75%. The Company may redeem any or the whole of the outstanding preference shares at any time, but not later than 30 June 2029.

15. Due from related parties

	The Group EUR 2019	The Company EUR 2019
Amounts due from parent company (Note i)	**370,843**	**-**
Amounts due from group companies (Note i)	**-**	**220,041**
Amounts due from other related companies (Note i)	**138,969**	**-**
	509,812	**220,041**

i. The amounts owed by parent, group, and other related companies are unsecured, interest free and repayable on demand.

16. Trade and other receivables

	The Group EUR 2019	The Company EUR 2019
Trade receivables (Note i)	**187,280**	**-**
Advances, deposits and prepayments	**205,107**	**3,001**
	392,387	**3,001**

i. No interest is charged on trade and other receivables. As at 31 December no receivable balance was past due.

17. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	The Group EUR 2019	The Company EUR 2019
Cash at bank	**1,085,125**	**5,331**
Cash and cash equivalent in the statement of cash flows	**1,085,125**	**5,331**

18. Equity

i. Share Capital of Group and Company

	2019 Shares EUR	2019 Paid up EUR
Authorised share capital:		
20,000,000 ordinary shares of EUR 1.00 each	**20,000,000**	**20,000,000**
Issued and paid up capital:		
17,693,000 orddinary share of EUR 1.00 each	**17,693,000**	**17,693,000**

EUR 17,643,500 of the share capital of the Company was issued for a contribution in kind as part of the transaction disclosed in Note 2.

ii. Retained Earnings
The reserve represents accumulated retained profits.

iii. Capital Contribution
Amounts due to the parent which are repayable exclusively at the option of the Company. These amounts are unsecured and interest free.

iv. Other reserves
Reserve emerging on the acquisition of Easysell Limited and Center Parc Limited on 25 April 2019.

19. Debt securities in issue

	The Group and Company EUR 2019
Non-Current:	
3.75% Bonds redeemable (Note i)	**19,534,152**
Current:	
3.75% Bonds redeemable (Note i)	**390,464**

i. During the period the Company issued an aggregate principal amount of EUR20 million Bonds (2019 – 2029), having a nominal value of EUR100 each, bearing interest at the rate of 3.75% per annum. These bonds are secured by Easysell Limited (hereafter the “Guarantor”), a subsidiary of the Company. They are subject to the terms and conditions in the prospectus dated 3 June 2019. The quoted market price as at 31 December 2019 for the 3.75% Bonds (2019 – 2029) was 102.00.

The Guarantor provided a corporate guarantee in favour of the Company’s bondholders to affect the due and punctual performance of all payment obligations undertaken by the Company under the Bonds if it fails to do so.

19. Debt securities in issue (continued)

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

	The Group and Company **EUR** **2019**
Proceeds	**20,000,000**
Less:	
Issue costs	**465,848**
Accumulated amortisation	**(390,464)**
	75,384
	19,924,616

The maturity analysis of undiscounted loans and borrowings are presented below:

	EUR **2019**
Within 1 year	**750,000**
Between two – five years	**3,000,000**
After five years	**23,750,000**
	27,500,000

20. Trade and other payables

	The Group **EUR** **2019**	**The Company** **EUR** **2019**
Trade and other payables	**2,709,219**	**485**
Accruals and deferred income	**171,943**	**59,515**
	2,881,162	**60,000**

No interest is payable on trade and other payables.

21. Amounts due to related companies

	The Group EUR 2019	The Company EUR 2019
Amounts due to parent company (Note i)	**320,110**	**-**
Amounts due to other related companies (Note i)	**497,405**	**-**
	817,515	**-**

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

22. Deferred taxation

	The Group EUR 2019	The Company EUR 2019
- Opening balance as at 26.03.2019	**-**	**-**
- Acquisition of susbidiary	**3,836,172**	
- Recognized in P&L	**1,286,049**	**-**
- Closing balance as at 31.12.2019	**5,122,221**	**-**

The deferred tax liability arose mainly upon the revaluation of investment property.

23. Leases

Group as a lessee

Disclosures about right-of-use assets that meet the definition of property, plant and equipment are provided in Note 11.

Lease Liabilities

	EUR 2019
As at 26 March 2019	-
Acquisition of subsidiary	**191,817**
Accretion of interest	**7,009**
Payments	**(7,044)**
Amounts included in non-current liabilities	**191,782**

23. Leases (continued)

Group as a lessee (continued)

The total cash outflow for leases amounted to EUR7,044 for the period. The amounts recognised in profit or loss as depreciation and finance expenses are disclosed in note 7 and 9 respectively. No other charges in relation to leases were recorded in profit or loss.

The maturity analysis of undiscounted lease liabilities in presented below:

	EUR 2019
Within 1 year	**10,565**
Between two – five years	**42,262**
After five years	**1,193,889**
	1,246,716

Group as a lessor

The Group has entered into operating leases on its investment property consisting of offices, warehouses and retail complex. These leases have terms of between 5 and 20 years. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	EUR 2019
Within one year	**3,054,079**
Between one and two years	**3,083,159**
Between two and three years	**3,192,494**
Between three and four years	**3,281,482**
Between four and five year	**3,321,872**
More than five years	**18,454,070**
	34,387,156

24. Related party disclosures

Tum Finance plc is direct parent of the Tum operations Limited and became the ultimate parent of Center Parc Holdings Ltd and Easysell Limited (formerly Easysell KIA Limited) through its direct subsidiary, Tum Operations Limited. The registered office of these companies is Tum Invest, Mdina Road, Qormi, Malta. The ultimate controlling party is Anthony Fenech.

24. Related party disclosures (continued)

During the course of the period, the Group and the company entered into transactions with related parties as set out below. Other related parties are entities having the same ultimate parent.

	The Group			The Company		
	Related party Activity EUR	**Total Activity EUR**	**%**	**Related party Activity EUR**	**Total Activity EUR**	**%**
Revenue:						
Related party Transactions with:						
- Subsidiaries	**-**	**-**	**-**	**220,041**	**220,041**	**100**
- Other related parties	**387,950**	**962,897**	**40**	**-**	**-**	**-**
Finance income:						
Related party Transactions with:						
- Subsidiaries	**-**	**-**	**-**	**250,509**	**250,509**	**100**
Loans to:						
Related party Transactions with:						
- Subsidiary				**13,250,000**	**13,250,000**	
- Parent	**300,000**	**300,000**				
	300,000	**300,000**	**100**	**13,250,000**	**13,250,000**	**100**
Loans from:						
Related party Transactions with:						
- Parent Company	**2,456,016**	**22,380,632**	**11**	**2,456,016**	**22,380,632**	**11**

Related party balances

At the year-end, the company had outstanding balances with the shareholders and other related parties. The amounts due to these specific categories of related parties and shareholders at year-end are disclosed in note 14 and 15. The terms and conditions in respect of these balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received.

Directors' fees paid are disclosed in note 7.

25. Fair value of financial assets and financial liabilities

At 31 December 2019 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.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts.

26. Financial risk management

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development. Where applicable, any significant changes in the company's exposure to financial risks or the manner in which the company manages and measures these risks are disclosed below.

Where possible, the company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation.

Financial assets which potentially subject the company to concentrations of credit risk consist principally of receivables and cash at bank.

Receivables are presented net of any required allowance for doubtful debts. The exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk with respect to receivables is limited due to credit control procedures and the minimal balance outstanding at year-end. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for customers with similar loss patterns (i.e. by geographical region or customer type). The analysis did not result in material amounts and the Group and Company did not recognise any impairment allowance on trade receivables.

26. Financial risk management (continued)

Credit risk (continued)

Carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's and company's maximum exposure to credit risk, as detailed below:

	The Group EUR 2019	The Company EUR 2019
Loans to related companies	**300,000**	**19,850,479**
Due from related parties	**209,812**	**220,041**
Trade and other receivables	**392,387**	**3,001**
Cash at bank on hand	**1,085,125**	**5,331**
	1,987,324	**20,078,852**

Credit risk with respect to the cash at bank is limited due to the fact that the company banks only with local financial institutions with high quality standing. Loans and receivables together with other receivables mainly comprise amounts due from related parties, (notes 14, 15 and 16). The company's concentration of credit risk arising from these receivables is considered limited as there are no other indications that the related parties are unable to meet their obligations.

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, where applicable, represents the company's maximum exposure to credit risk without taking account of the value of any collateral held.

Interest rate risk

The group has not taken out bank facilities directly from banks to finance its operations. The group has issued bonds and terms of bonds and interest rates are disclosed in note 19. In addition, the group has also taken loans from shareholders and related companies, which are interest free and repayable on demand.

The carrying amounts of the company's financial instruments carrying a rate of interest at the end of the reporting period are disclosed in the notes to the financial statements.

26. Financial risk management (continued)

Liquidity risk management

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally other payables, and other financial liabilities (notes 19, 20 and 21). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the company's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash outflows over a twelve-month period and over a long-term period in relation to the development and completion of the Shopping Mall. This approach ensures that the project is adequately financed and that no additional financing facilities are expected to be required over the coming year.

Capital risk management

The company's objective when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of shareholders' loans disclosed in note 18 and the items presented within equity in the Statement of financial position.

The company's directors manage the company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through the new share issues as well as the issue of new debt.

27. Events after the reporting period

With the recent development of the Covid-19 outbreak subsequent to year end, many governments have implemented travel restrictions and quarantine measures that required entities to limit or suspend business operations .

Whilst no disruptions were experienced for the office block held by the Group, the shopping complex was closed over a stretch of two months due to government measures. The Group has compiled cashflow projections primarily based on the expected revenues and receipts from their tenants. These projections indicate that the Group is expected to have sufficient liquidity to meet its obligations as they fall due. Based on the above considerations and the current prevailing circumstances, the Directors consider the capital and liquidity position of the Group to be adequate to absorb any foreseeable impact from COVID-19.

27. Events after the reporting period (continued)

The Directors have also assessed the potential impact of a further disruption to their business in which case, the shareholders have confirmed their commitment to support the Group financially or otherwise should this be required.

The Group considers the COVID-19 events as a non-adjusting event after the balance sheet date and therefore, not reflected in the assets and liabilities of the Group as at year end. The main asset measured at fair value that may be impacted by COVID-19 is the Investment Property held. It is difficult to estimate the financial effect on these assets after the balance sheets date. Reference can be made to note 11 disclosing the assumptions and inputs used in the fair value measurement of these assets.

28. Comparative figures

There are no comparative figures as this is the Company's first set of financial statements since incorporation.

Building a better working world

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of TUM Finance plc

Report on the audit of the separate and consolidated financial statements

Opinion

We have audited the separate and consolidated financial statements of TUM Finance plc [(the "Company") and its subsidiaries (the "Group")], set on pages 14 to 53, which comprise the separate and consolidated statements of financial position as at 31 December 2019, and the separate and consolidated statements of comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statement of cash flows for the reporting period from 26 March 2019 (date of incorporation) to 31 December 2019, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group as at 31 December 2019, and of the separate and consolidated financial performance and the separate and consolidated cash flows of the Company and the Group for the reporting period from 26 March 2019 (date of incorporation) to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

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

Emphasis of matter

We draw attention to Note 27 to the separate and consolidated financial statements, which describes the expected effect of COVID-19 on the Group's business. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of TUM Finance plc - continued

Report on the audit of the separate and consolidated financial statements

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

Valuation of Investment Property – Consolidated financial statements

The Group measures its investment property at fair value as described and disclosed in notes 3 and 11. As at reporting period end the investment property represents 96% of the total assets of the Group. The valuation of the investment properties involves significant judgement and is highly dependent on a range of estimates made by management and external valuers relating to rental income and discount rates.

Due to the significance of the value of the investment property to the Group, and the estimation involved in its measurement, we have considered the valuation of investment property to be a key audit matter.

Our procedures focused on the valuation process and included the following:

- Assessed the competency and independence of the professional valuers engaged by the Group;
- Discussed the key assumptions and judgmental areas with management and understood the approaches taken in determining the valuation of each investment property;
- Tested the accuracy and completeness of rental income, being the key data input used in the valuation model, against the underlying detailed accounting records and rental agreements; and
- Involved a specialist in our team to test the mathematical accuracy of the valuation model, assess the appropriateness of the valuation methodologies used against general accepted market practices and assess the reasonableness of the key assumptions used, including rental value per square metre and rent growth per annum, by benchmarking against comparable market data.

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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of TUM Finance plc - continued

Report on the audit of the separate and consolidated financial statements

We have also assessed the relevance and adequacy of the disclosures relating to the valuation techniques and key inputs presented in note 11.

Recoverability of loans receivable from related companies – Separate financial statements

The loans receivable from related companies of the Company are classified as financial assets at amortised cost. They are measured using the effective interest method and are subject to impairment as described in notes 3, 14 and 26. As at the reporting period end the loans receivable from related companies represent 48% of the total assets of the Company.

The recoverability assessment of loans receivable considers the financial position and performance of the related borrowers for the reporting period as well as the cash flow projections for such companies.

Due to the significance of the balances of loans receivable from related companies, and the dependency of the Company on the performance and recoverability of such loans to meet its ongoing obligations, we have considered the recoverability of loans receivable as a key audit matter.

Our audit procedures over the recoverability of the loans receivables from related companies included amongst others:

- inspecting the agreements, agreeing terms and conditions and assessing compliance therewith;
- confirming the outstanding balances with related companies;
- evaluating the Company's assessment of the recoverability of loans receivable by reference to the underlying financial position and projected cash flows of the subsidiaries; and
- evaluating the Company's assessment of the subsequent events including the financial effect of COVID-19 to determine the adequacy of the non-adjusting events disclosures.

We have also assessed the relevance and adequacy of disclosures relating to loans receivable from related companies presented in note 14 to the financial statements and disclosures relating to subsequent events presented in note 27.

Other information

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of TUM Finance plc - continued

Report on the audit of the separate and consolidated financial statements

Other information - continued

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

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

Responsibilities of the directors and those charged with governance for the separate and consolidated financial statements

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

In preparing the separate and consolidated financial statements, the directors are responsible for assessing the 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 or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of TUM Finance plc - continued

Report on the audit of the separate and consolidated financial statements

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

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

- identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of TUM Finance plc - continued

Report on the audit of the separate and consolidated financial statements

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of TUM Finance plc - continued

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act

Directors' report

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

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have not nothing to report in this regard.

Other requirements

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

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

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

Appointment

We were appointed as the statutory auditor by the directors of the Company with effect from 25 November 2019. This is the first year of appointment as statutory auditors.

Consistency with the additional report to the audit committee

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which was issued on the same date as this report.

Non-audit services

No prohibited non-audit services referred to in Article 18A(1) of the Accountancy Profession Act, Cap. 281 of the Laws of Malta were provided by us to the Group and we remain independent of the Group as described in the Basis for opinion section of our report.

No other services besides statutory audit services and services disclosed in the annual report and in the financial statements, were provided by us to the Group and its controlled undertakings.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of TUM Finance plc - continued

Report on other legal and regulatory requirements

Matters on which we are required to report by the Listing rules

Corporate governance statement

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their annual report a statement of compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the statement of compliance prepared by the directors. We are also required to express an opinion as to whether, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have identified material misstatements with respect to the information referred to in Listing Rules 5.97.4 and 5.97.5.

We read the statement of compliance and consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the annual report. Our responsibilities do not extend to considering whether this statement is consistent with the other information included in the annual report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the statement of compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's governance procedures or its risk and control procedures.

In our opinion:

- the corporate governance statement set out on pages 4 to 13 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority
- in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit the information referred to in Listing Rules 5.97.4 and 5.97.5 are free from material misstatement

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

Ernst & Young Malta Limited
Certified Public Accountants

30 June 2020