



TRIDENT

ESTATES PLC

ANNUAL FINANCIAL REPORT 2022/23

FOR THE YEAR ENDED 31 JANUARY 2023

TRIDENT PARK



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ANNUAL FINANCIAL REPORT 2022/23

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NOTABILE GARDENS,
NO. 4 - LEVEL 2,
MDINA ROAD, ZONE 2,
CENTRAL BUSINESS DISTRICT,
BIRKIRKARA CBD 2010, MALTA

Readers are reminded that the official statutory Annual Financial Report 2022/23, authorised for issue by the Board of Directors, is in European Single Electronic Format (ESEF) and is published on the Malta Stock Exchange portal <https://www.borzamalta.com.mt/>.

A copy of the Independent auditor's report issued on the official statutory Annual Financial Report 2022/23, is included within this document and comprises the auditor's report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the ESEF RTS), by reference to Capital Markets Rule 5.55.6.

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CHAIRMAN'S STATEMENT

After three years of “virtual meetings” I am looking forward to being able to address you in person at our forthcoming Annual General Meeting which will be held on 16 June 2023. For the first time our AGM will be staged at the recently completed Trident Park Conference Hall.

Indeed, our AGM will shortly be followed on 28 June by the official inauguration of the entire project consisting of both The Brewhouse (a Farsons Group project) and Trident Park.

We are of course most pleased and satisfied that this ambitious and pioneering project is now complete and open for business. Trident Park is for Malta a unique environmentally friendly business park development, with all the related amenities sought after by discerning tenants. It consists of newly built areas and the carefully renovated spaces of the historic building that was constructed over 70 years ago. The original iconic façade has been painstakingly restored as have the old Farsons' main entrance and board room, which now form part of the Trident Park conference facility. This annual report illustrates the various spaces and gardens within the project that have been created with much enlightened architectural thought and planning.

The design concept and resulting finished project have been met with acclaim by both the general public and many authoritative critics. The overall aesthetics and environmental features of the project have been well received as has the “green” cooling technology used in the building. The very high standards of the design and finishings have been very instrumental in attracting tenants to Trident Park. As many of you will remember from past annual reports, the overall design and oversight of the project has been led by the renowned and world-acclaimed architect Ian Ritchie. His very high standards and meticulous attention to detail have been unerring and can be readily admired and appreciated in the finished project with its seven sustainable, people and business

friendly office units separated by the carefully designed garden areas that provide the light and space so valued by our growing tenant roll.

Of course, the sheer size of the project involved a large team of professionals with whom we have been privileged to work over the past 10 years - which is when we first started working on the concept stage of the master plan. It has been a long journey that has required stamina, determination, teamwork, resilience, focus and clear thinking. I need not remind you all that for nearly two and a half years from February 2020 we also had to face the challenges posed by the COVID-19 pandemic, with all its resulting negative consequences.

Notwithstanding all the inflationary pressures arising from the aftermath of the pandemic and the outbreak of the war in Ukraine, I am glad to be able to report that the project was completed at very close to the originally authorized budget. Although the total capital spend exceeded estimates by some 10%, much of the difference can be attributed to additionally authorized works that fell outside the scope of the initial plans, and which were subsequently approved as the project progressed. These variations have ultimately served to benefit and improve the design and project offering.

In his statement featured in this Annual Report, our Chief Executive Officer, Charles Xuereb has given details of the project work involved during this final year of construction and finishings. On behalf of the board, I wish to congratulate him and his team for delivering the finished product to the board's satisfaction. This has been no mean achievement, especially having to face the constraints I have referred to above.





Photo by Joe Smith



The CEO also reports on the healthy demand for the various spaces available for rent. At the time of going to print we have registered signed tenancy agreements amounting to an occupancy level of 63%, which I regard as quite a remarkable achievement given that the increase in supply of office space may now exceed market demand. This take up of space is indeed encouraging and your board feels confident about the Group's prospects, particularly as we are also at this time at various stages of negotiation with additional prospective tenants.

The Group's results for the year ended 31st January 2023 reflect this upward trend. Group Revenue amounted to €2.4 million, more than twice last year's revenue of €1.1 million. The increase was nearly all due to new tenancy agreements entered into at Trident Park, which commenced operations in the first quarter of the financial year. Earnings before interest and tax amounted to €1 million, substantially more than last year.

The bottom-line results after tax of €6.6 million have been materially influenced by a fair value gain after tax of €6.1 million on Trident House, an investment property that currently houses the operations of Quintano and Food Chain (Farsons Group companies). The latter have given notice that they intend to move out of the premises in 2026 and your board is considering potential options for the site as part of a strategic review that will cover the next phases of the Trident Estates business plan. This review will of course also include future capital requirements and how these should be funded. As noted in the CEO's report, the potential of the Trident House site has also been recognised by other third parties and a number of enquiries and expressions of interest have been received. These enquiries are currently being assessed by the Board as part of the strategic review referred to above.

The overall capital investment in the Trident Park project (including land value) amounted to €66 million. As you will recall, this has been financed by both shareholder capital and bank loans. The current increase in interest rates resulting from the high levels of inflation unleashed by Covid 19 and the Ukraine war are a matter of concern, and we have been in discussion with our bankers in this regard.

I would like to conclude by stating once again that it is most satisfying to be able to report that we have managed to deliver a most unique project after many years of pursuing a vision that



demanding difficult decisions and risk taking. Trident Park should not be regarded as a trading asset but rather as a long-term capital investment that your board believes has considerable potential for appreciation over the medium to long term. We have got off to an encouraging start in FY 2023 in terms of attracting an impressive list of prestigious tenants – and we will seek to build on this momentum. We would not have succeeded had it not been for the quality of our management team and the team of consultants who we engaged over the years. There are many I should mention, however this report would not be the correct medium in which to do so. We are indebted to them all.

As noted above, we have applied considerable resources towards the completion of the Trident Park project. Rental revenue streams are now starting to build nicely, but do not permit the Board to recommend the payment of a dividend for the financial year under review, particularly as a significant proportion of the reported profit for the year results from a revaluation uplift. However, you can be sure that the question of the declaration of dividends will be kept under regular review as it is the wish of the Board to reward the shareholders for the capital that they have committed to the Group.

I wish to thank my fellow director colleagues for their support and constant encouragement throughout these past five years since Trident Estates plc was spun off as a separate listed entity in early 2018.

Our thanks are also due to our legal advisors Mamo TCV and our auditors PwC.

Louis A. Farrugia
Chairman

19 May 2023

DIRECTORS



FROM LEFT TO RIGHT - Ms Nadine Magro – Company Secretary, Mr Vincent Curmi – Vice Chairman, Mr Alberto Miceli Farrugia, Mr Louis A. Farrugia – Chairman, Marquis Marcus John Scicluna Marshall, Mr Charles Borg, Mr Roderick Chalmers, Mr Michael Farrugia, Prof. Avv. Alberto Stagno d'Alcontres

SENIOR MANAGEMENT AND BOARD COMMITTEES

RELATED PARTY TRANSACTIONS COMMITTEE

Vincent Curmi
Chairman
Charles Borg
Alberto Miceli Farrugia

REMUNERATION COMMITTEE

Charles Borg
Chairman
Marquis Marcus John Scicluna Marshall
Prof. Avv. Alberto Stagno d'Alcontres

BOARD PERFORMANCE EVALUATION COMMITTEE

Vincent Curmi
Chairman
Charles Borg
Alberto Miceli Farrugia

AUDIT COMMITTEE

Roderick Chalmers
Chairman
Charles Borg
Vincent Curmi
Alberto Miceli Farrugia

NOMINATION COMMITTEE

Louis A. Farrugia
Chairman
Marquis Marcus John Scicluna Marshall
Prof. Avv. Alberto Stagno d'Alcontres

SENIOR MANAGEMENT

Charles Xuereb
Chief Executive Officer
Dr Ing. Christopher Ciantar
Chief Operations Officer
Andrea Mangion
Financial Controller



Trident Team – Senior Management, Operations and Maintenance staff

CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to present to you the Company's annual report for the financial year ended 31 January 2023 (FY2023). It has been a year that has presented us with many challenges as we raced to complete the final phases of the Trident Park project whilst at the same time moving from capital works to operational mode as we had the pleasure of welcoming a growing number of tenants to our wonderful development. And as always, the other properties in our quality portfolio also required ongoing attention.

FINANCIAL RESULTS

Revenues for the Group for the financial year under review amounted to €2,354,000, more than double the turnover figure reported for the previous year (FY2022: €1,128,000). This results from new rental income coming on stream as tenants gradually move into Trident Park.

Operating profits for the year amounted to €1,267,000 (FY2022: €323,000). As a result of a fair value gain of €6,749,000 (FY 2022: nil) on our investment property portfolio (see below for details), profit before taxation for the year amounted to €7,486,000 (FY2022: €141,000). The tax charge for the year amounted to €912,000 (FY2022: €78,000) and includes a deferred tax charge on the fair value gain of €675,000.

COMPLETION OF THE WORKS AND WELCOMING TENANTS

As noted above, FY2023 saw us race to the finishing line in our efforts to complete the final phases of the Trident Park development. Apart from addressing the snagging lists that are inevitable in a development of this magnitude, our major efforts were directed at the completion of the impressive Trident Park Conference Facility, which included the restoration of the original (and historic) Farsons Boardroom.

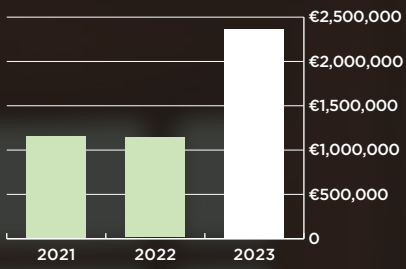
This facility welcomed its first guests on 25 March 2023, to compliments all round on the quality and high standard of the offering, including the top of the range hi-tech conference equipment that has been installed, extending to a 15 square metre LED screen. The Lewis V. Farrugia Boardroom has been meticulously restored, as have the reception area and foyer, with the original woodwork and marble flooring being carefully restored and re-laid. The entire area has been furnished with bespoke pieces, and our impressive art collection has been brought out of storage and rehung. Another part of the proud Farsons industrial and architectural heritage has been meticulously brought back to life. Bookings for the facility are gradually picking up momentum and we expect them to be well used.

This last year also saw the management team switch to operational mode as new tenants took up occupancy, gradually populating the campus. Strong technical support was provided to incoming tenants and any initial teething problems overcome. At the same time, the completed development attracted a lot of interest from prospective new tenants and many on site viewings and presentations have been held.

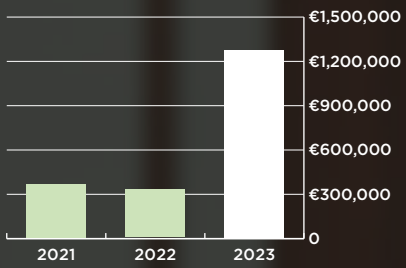
The demand for space at Trident Park has come from a wide spectrum of businesses and institutions, and new tenants onboarded ranged from financial services institutions, companies operating in the insurance sector, regulatory authorities, as well as property holding, gaming, Edtech and software services and solutions corporations. The wide variety of vibrant interest



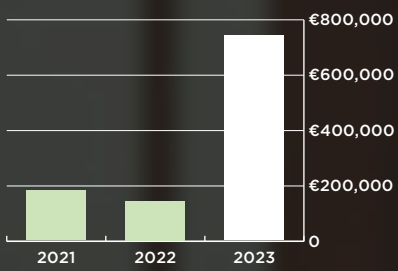
REVENUE



OPERATING PROFITS



PROFIT BEFORE TAX AND FAIR VALUE MOVEMENTS





augurs well for the future of the development – and for those tenants providing catering and other support services within the overall development, including at The Brewhouse.

Whereas we have undertaken a number of low key marketing campaigns, we have found that the unique features of the Trident Park campus have very quickly marketed themselves, and many enquiries have come via direct calls. Furthermore, our existing tenants have also been strong promoters of Trident Park, offering positive words and encouragement to prospective tenants concerning the facilities. I would like to acknowledge and thank our tenants for their support in this regard. Over the past few months as space has been taken up, we have witnessed a growing sense of community and contentment among and between our tenants.

Due to the strong demand for smaller and flexible office space, we elected to split up a single floor plate into smaller cellular offices to meet this requirement, where tenants can enjoy the advantage of lockable offices whilst sharing breakout space, kitchenette and restrooms facilities with other tenants. We have also thought about providing smaller meeting rooms within the floor, a far less formal set-up than that of our magnificent Boardroom. This configuration has been much appreciated by tenants and third parties alike, adding value to Trident Park's diverse offering. As a result of the strong take up of this flexible space, a second multiple tenancy floor is currently work in progress and has been almost fully taken up.

Our F&B outlet, operated by the Vecchia Napoli franchise, is reporting growing turnover since opening in July last year, and our gym operators, Truxton Fitness, are also providing similar feedback as has The Brewhouse (Farsons Group owned and operated). To further complement the amenities available on campus to our tenants, we were pleased to welcome the setting up of a medical clinic, mainly providing





Photo by Joe Smith



dentistry services, and complemented by a team of consultants and physiotherapists offering their professional services from the same clinic facilities.

The Trident Park childcare centre is also now in operation, providing the requisite peace of mind and comfort to parents at Trident Park. Priority is being given to parents of employees within Trident Park who can drop off their children and proceed to their workplace.

The portfolio of quality tenants that we have managed to attract is indeed impressive. As at the date of writing this report 63% of available space has been signed up and we are in various stages of negotiation with a number of prospective tenants. We look forward to welcoming our new tenants and we are targeting a material increase in our occupancy rate over the next year.

Sustainability Feature

1

LIFESTYLE THAT HARNESSES THE ENVIRONMENT.

Naturally lit offices, landscaped gardens and open walkways harness this principle.



Photo by Joe Smith

Sustainability
Feature

2

ENVIRONMENTAL AND CULTURAL HERITAGE.

Preservation of our landmark façade and remain respectful of proportions and height, thereby minimising adverse visual impact.



Photo by Joe Smith

PROOF OF CONCEPT

Last summer saw us put our cooling system to the test. Any concerns as to whether the technology of the Thermally Activated Building System (TABS) would work were quickly allayed. Temperatures were comfortably cool in the sweltering heat and pleasantly warm on the coldest of winter days that were experienced in the last months of 2022. Temperature readings have been taken on a daily basis and all the data required for the system to function according to specifications has been collected and stored.

Our gardens have also been carefully landscaped, with detail as to colour and choice of plants being curated. The burst of vivid colours provided by Mother Nature has brought life into our open spaces, a splendid contrast against the pure white of the buildings, providing a tranquil area for our tenants to wind down and enjoy periods of calm and reflection.

PROJECT COST

The rapidly increasing construction costs experienced by the industry over the past year came as no surprise given the inflationary and supply chain dislocation resulting from the aftermath of Covid and the war in Ukraine. There can be no doubt that the Trident Park project costs would have been significantly higher if we were to go to contract today.

It was indeed propitious that we were able to contract and deliver much of the project ahead of the onset of this significant inflationary surge. Furthermore, whereas at first sight it would seem that actual project costs overran approved budgets by close to 10%, a material part of this seeming overrun can be accounted for by approved works that fell outside the original project plans and scope – as well as the absorption of VAT on capital expenditure incurred on office floor plates that are leased to companies not registered under Article 10 of the VAT Act. Taking these factors into account, we have delivered the project at close to originally targeted costs – a tribute to the management team, our contractors and our many professional advisers.

THE OFFICE MARKET ENVIRONMENT

Although COVID-19 restrictions have been lifted and we are reportedly back to 'normality', hybrid work from home (WFH) practices remain a reality. This is having a negative impact on the demand

for office space as businesses, institutions and authorities reassess their long term space requirements. Paradoxically this trend has turned into a positive for Trident Park as tenants are at the same time seeking better quality space, albeit on a smaller scale. Our project ticks the boxes for those seeking high-quality, technologically efficient and environmentally-friendly office space, filled with air, natural light and ventilation – all whilst retaining flexibility in terms of configuration requirements and with ample amenities within the campus footprint.

GOING FORWARD

The project may be complete, but of course the work is never finished as the reality of the day to day operational and maintenance challenges of a site of this size supplant the challenges of capital construction works. The aspirational item on our agenda is to strive to attain full occupancy through attracting additional high-quality tenants. And our top priority remains to secure a smooth and efficient operational structure to ensure that all our tenants enjoy to their full satisfaction the attractions and amenities of the Trident Park complex.

In an effort to contain high inflation the European Central Bank (ECB) has over the past year increased its key deposit rate from zero to (effective 10 May 2023) 3.25% - and this rate is expected to rise further in the short term. These rate increases will certainly have an impact on our borrowing costs, and we are currently in discussions with our bankers in this regard. Higher interest rates mean higher costs, and these will certainly have an impact on our earnings during FY 2024. The pace at which the ECB can reduce rates will be largely dependent on its efforts to bring inflation down to more normalised levels.

Now that the capital works at Trident Park are coming to a close and the office and related amenities space is rapidly being taken up, I would like to pay tribute to my team and the many advisors who assisted us over the past five years. It has required a huge effort during difficult and testing times – and all can look on at the magnificent and spectacular finished project with a strong sense of pride and achievement.

Whilst there will now be a strong focus on the operational requirements of Trident Park – the management team in conjunction with the Board are in the course of undertaking a comprehensive strategic review of plans for the next phase of growth for the Trident Estates group.



Sustainability
Feature

3

GREEN CREDENTIALS.

Carefully selected materials used during construction and finishing works to ensure minimal impact on the environment.

Photo by Joe Smith



OTHER DEVELOPMENTS

TRIDENT HOUSE

The Trident House premises on the outskirts of Qormi are currently leased out to a related entity, with the tenant expected to vacate the premises by Q1 2026. Following a re-assessment by the Board of the potential opportunities that this site provides to the Group, the valuation of the site has been prudently and conservatively reassessed at €18 million – an increase of €6.75 million on the previous carrying value of the property. This increase in fair value has been recognised as a fair value gain in the FY2023 financial statements. The potential for the site has also been recognised by other third parties and a number of enquiries and expressions of interest have been received. These enquiries are currently being assessed by the Board as part of a strategic review that is underway.



PIZZA HUT BISAZZA

Food Chain Ltd., as tenants of our property in Bisazza Street, Sliema, operating as Pizza Hut, submitted a formal request for early termination of the lease which was due to expire in 2031, quoting market challenges in the catering sector. The search for a new tenant commenced immediately and I am pleased to inform you that an agreement has been signed with an unrelated party on advantageous terms, and it is expected that the new tenant will take possession of the site in October 2023 in anticipation of commencing operations there from January 2024.

EX-KFC GZIRA

Although the possibility of development of the former KFC Gzira site was thoroughly explored by the Board, it was decided to defer capital investment and development for the time being. The premises have now been leased out to an external third party for a di fermo period of five years, automatically renewable for two consecutive periods of 3 + 2 years, with the last period of two years being renewable at our discretion.

CONCLUSION

As noted above, we have now shifted gear to the operational and tenancy aspects of the business. We are confident that the quality of the Trident Park development as well as that of our other properties allows us to compete in what is an increasingly competitive market as a result of the attention given to the unique combination of environmental credentials, innovation, technical excellence, quality and service. We are firm in our belief in the long-term potential of the Trident Park project as is evident from the strong tenant interest in the property. From the outset, we pledged that we would aim for excellence. We are pleased to inform you that we are in the final stages of BREEAM accreditation, making us pioneers locally, and putting us on the map at an international level.

I feel honoured to have been chosen to be at the helm of this success story, and to have led our small and very hard working team in delivering what was a vision into the reality of what Trident Park is today – Malta's pre-eminent office address providing the unique green office campus that meets the environmental and amenity requirements that are increasingly being demanded by discerning tenants. I must close by thanking my team for their constant support, commitment and energy, you, shareholders, for believing in and pursuing this vision, and the Board of Directors for their support and their faith in the team that I have been privileged to lead.



Sustainability
Feature

4

**SUSTAINABILITY.
INNOVATION.
COMFORT.**

Pioneering innovative technology to provide comfortable temperatures whilst also reducing energy consumption.

Photo by Joe Smith



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DIRECTORS' REPORT

The Board of Directors is pleased to present their report and the Group's audited consolidated financial statements for the year ended 31 January 2023.

PRINCIPAL ACTIVITIES

Trident Estates plc (the "Company") and its subsidiaries (the "Group") are property investment companies that own and manage property for rental and investment purposes. With the Trident Park project now complete, the principal focus of the Group is to market and manage the Trident Park property whilst seeking to maximise the return on its other properties.

REVIEW OF THE BUSINESS

Trading Performance

The Group's revenue for the year increased substantially to €2,354,000 (2022: €1,128,000). This considerable increase in revenue is primarily attributable to the commencement of the Trident Park operation.

The Group's operating costs increased to €1,141,000 (2022: €805,000), accounting for the operational costs of Trident Park. The Group's finance costs increased to €530,000 (2022: €182,000), with the increase being attributable to interest costs incurred on the bank loan facilities no longer being capitalised from the commencement of the second half of the financial year.

The Group registered a fair value gain on the Trident House property of €6,748,000 and a corresponding deferred tax expense of €675,000. Prior to any fair value gains, the Group registered a profit before tax of €737,000 (2022: €141,000) and a net profit of €500,000 (2022: €63,000), with the increase in bottom-line profitability being attributable to the commencement of operations at Trident Park. The total comprehensive income for the year (including fair value gains) amounted to €6,574,000 (2022: €63,000).

Shareholder's equity as at the year-end amounted to €59.7 million (2022: €53.1 million). The Group continued to draw down on available bank facilities, resulting in bank borrowings increasing from €16.8 million to €25.2 million in order to fund works on the Trident Park development. As at year end, the Group had available bank facilities totalling €3.3 million which are earmarked to finance the completion of the Trident Park project.

Investments and property interests

Trident Park

The works carried out during the year primarily related to the finishing, landscaping and addressing any snagging and remedial works around the property. Works on the main board room and conference facility were carried out in the second half of the

financial year and were completed in March 2023 immediately following which the doors were opened for the first conference held at Trident Park.

The first tenants at Trident Park moved in during the first quarter of the financial year, with additional tenants taking up occupancy over the course of the rest of the year. The general public was also attracted to the property during the second half of the financial year, with the eateries (Vecchia Napoli at Trident Park, and Kettles and Cisk Tap at The Brewhouse) having opened their doors to welcome customers in July 2022. The gym operators also commenced their tenancy in November 2022 and began receiving memberships from both the tenants at Trident Park and The Brewhouse, as well as the general public.

Trident House

The Trident House property is one of the Group's largest investment properties in terms of land size, measuring 13,600 square metres. Trident House currently houses the operations of Quintano Foods Limited and Food Chain Limited (Farsons Group companies). These tenants have given notice that they intend to vacate the premises in 2026 and the board is considering potential options for the site as part of a strategic review that will cover the next phases of the Trident Estates business plan. The potential of the Trident House site has also been recognised by other third parties and a number of enquiries and expressions of interest have been received. These enquiries are currently being assessed by the Board as part of the strategic review that is underway.

Other properties

During the financial year, the Group recognised revenue for a full year of occupancy from the Veranda (ex-Sardinella) property lease. The KFC Gzira lease was extended until the third quarter of 2022, following which the property was vacated by the lessee. In the subsequent financial year, the Group signed on a new tenant with a lease at a more favourable rate commencing from 1st July 2023. The remainder of the Group's rental portfolio remains fully let.

OUTLOOK FOR FINANCIAL YEAR ENDING 31 JANUARY 2024

During the financial year ending 31 January 2024, the focus of management will revolve around the operation of the Trident Park property and, together with the Board, the completion of the strategic review. Furthermore, management continues to be actively handling enquiries and negotiating lease agreements with prospective tenants.

The interest in commercial spaces has improved with a notable increase in sign-ups during the first half of (calendar) 2023. The unique selling proposition of Trident Park has attracted a range of quality potential tenants and word-of-mouth recommendations from existing tenants have also stimulated interest.

The demand for commercial property has changed considerably over the past few years, particularly in the wake of the pandemic. Companies have downsized their requirement for office space following the increased adoption of work-from-home arrangements with their employees. Furthermore, a significant portion of the market remains underserved for sole practitioners and small businesses looking to have an office in a prestigious address with an array of amenities and accessible parking available. Management has responded to the demand by providing finished, furnished and fully serviced shared spaces to smaller but reputable tenants at attractive rental rates. These shared tenancies have quickly been taken up and management is now working on preparing additional floors of shared tenancy spaces.

Despite the difficult overall business environment in which Trident Park is operating, particularly with an increase in supply at the upper end of office space market, the board and management are highly encouraged by the very positive response from the market to the Trident Park development and its amenities. The expectation is that the occupancy rate will continue to grow over the forthcoming year resulting in a satisfactory increase in rental revenues.

One negative development in store for FY 2024 relates to increased borrowing costs. In an effort to contain the high levels of inflation being experienced across the EU, the European Central Bank (ECB) has over the past year raised its key deposit rate from zero to (effective 10 May 2023) 3.25%. This rate is expected to rise further over 2023 before perhaps easing from 2024 and beyond. These rate increases will have an impact on borrowing costs, and the Group is currently in discussions with its bankers in this regard. Higher interest rates will have an impact on earnings during FY 2024. The pace at which the ECB can reduce rates will be largely dependent on the success of its efforts to bring inflation down to more normalised levels.

FINANCIAL RISK MANAGEMENT

The Group's and Company's activities expose it to a variety of financial risks, including market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. Refer to Note 2 in these financial statements.

PROPERTY VALUE RISK AND EXPOSURE TO GENERAL MARKET CONDITIONS

Property values, including the health of the commercial property rental market, are affected by changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. Other factors such as changes in planning and tax laws, and interest and inflation rate fluctuations would also have an impact on capital values and income streams of properties. The Company monitors all these factors, and seeks advice accordingly, as it manages its property portfolio.

DIVIDENDS AND RESERVES

The statements of comprehensive income are set out on page 33.

The Board of Directors did not declare an interim dividend during the year, and in view of the current stage of the finalisation of the Trident Park project and the build-up of rental revenue streams therefrom, do not believe that it would be appropriate or prudent to recommend the declaration of a final dividend to the forthcoming Annual General Meeting of the Company.

Retained profits carried forward at the reporting date amounted to €5.4 million (2022: €4.9 million) for the Group and €5.1 million (2022: €4.8 million) for the Company.

DIRECTORS

The Directors who held office during the year were:

Louis A. Farrugia – *Chairman*
Vincent Curmi – *Vice Chairman*
Alberto Miceli Farrugia
Prof. Avv. Alberto Stagno d'Alcontres
Charles Borg
Marquis Marcus John Scicluna Marshall
Michael Farrugia
Roderick Chalmers

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are required by the Maltese Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the parent Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act, 1995. They are also responsible for safeguarding the assets of the Group and the parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Trident Estates plc for the year ended 31 January 2023 are included in the Annual Report 2023, which is available on the Company's website. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

The Directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Group and the parent Company as at 31 January 2023, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the parent Company, together with a description of the principal risks and uncertainties that the Group and the parent Company face.

GOING CONCERN BASIS

After making appropriate enquiries, at the time of approving the financial statements the Directors have determined that there is reasonable expectation that the Group and the parent Company have adequate resources to continue operating for the foreseeable future and to meet their liabilities as and when they fall due. For this reason, the Directors have adopted the going concern basis in preparing the financial statements. Reference is made to the commentary above relating to the outlook for financial year ending 31 January 2024.

SHAREHOLDER REGISTER INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64

Share capital information of the Company is disclosed in Note 10 of the financial statements on page 50.

The issued share capital consists of one class of ordinary shares with equal voting rights attached and freely transferable.

The list of shareholders holding 5% or more of the equity share capital is disclosed in this Annual Report.

Every shareholder owning twelve (12%) of the ordinary issued share capital of the Company or more shall be entitled to appoint one director for each and every twelve per cent (12%) of the ordinary share capital owned by such shareholder and such shareholder may remove, withdraw or replace such director at any time. Any appointment, removal, withdrawal or replacement of a director to or from the Board shall take effect upon receipt by the Board or the Company secretary of a notice in writing to that effect from the shareholder owning twelve per cent (12%) of the ordinary issued share capital of the Company or more. Any remaining fractions will be disregarded in the appointment of the said directors but may be used in the election of further directors at an Annual General Meeting. The Chairman is appointed by the directors from amongst the directors appointed or elected to the Board.

The rules governing the appointment, election or removal of directors are contained in the Company's Articles of Association, Articles 93 to 102. An extraordinary resolution approved by the shareholders in the general meeting is required to amend the Articles of Association.

The powers and duties of directors are outlined in Articles 84 to 91 of the Company's Articles of Association. In terms of Article 12 of the said Articles of Association, the Company may, subject to the provisions of the Maltese Companies Act, 1995 acquire or hold any of its shares.

The Company does not have a Collective Agreement regulating redundancies, early retirement, resignation or termination of employment of employees. No employment contracts are in place between the Company and its directors, except as disclosed in the Remuneration Report.

It is hereby declared that, as at 31 January 2023, the Company is not party to any significant agreement pursuant to Listing Rules 5.64.10.

Furthermore, the Board declares that the information required under Listing Rules 5.64.5 and 5.64.7 is not applicable to the Company.

REMUNERATION REPORT

The Remuneration Report is set out on pages 27 to 30 of this Annual Report and sets out details of the terms of reference and membership of the Remuneration Committee and the Remuneration strategy and policy of the Trident Group. The Remuneration Report also sets out the required details of the remuneration paid to Directors and the Group Chief Executive and of senior management. In accordance with Capital Market Rules 12.26L and 12.26M, the Remuneration Report will be subject to an advisory vote by the Shareholders at the forthcoming Annual General Meeting (AGM) and will be made available on the Company's website for a period of 10 years thereafter. The contents of the Remuneration Report have been reviewed by the external auditors to ensure that it confirms with the requirements of the Capital Market Rules.

AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Signed on behalf of the Board of Directors on 19 May 2023 by Louis A. Farrugia (Chairman) and Roderick Chalmers (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Registered address:

Trident Park
Notabile Gardens, No.4 – Level 2,
Mdina Road, Zone 2
Central Business District
Birkirkara CBD 2010
Malta

Nadine Magro
Company Secretary

19 May 2023

CORPORATE GOVERNANCE STATEMENT

A. INTRODUCTION

This statement is being made by Trident Estates plc (“TE”) pursuant to Listing Rules 5.94 and 5.97 issued by the Listing Authority of the Malta Financial Services Authority and sets out the measures taken to ensure compliance with the Code of Principles of Good Corporate Governance (the Code) contained in Appendix 5.1 to Chapter 5 of the said rules. In terms of Listing Rule 5.94, TE is obliged to prepare a report explaining how it has complied with the Code.

TE acknowledges that the Code does not prescribe mandatory rules but recommends principles so as to provide proper incentives for the Board and TE’s management to pursue objectives that are in the interests of the Company and its shareholders.

TE adheres to generally accepted standards of good corporate governance encompassing the requirements for transparency, proper accountability and the fair treatment of shareholders. The Board has therefore endorsed the Code of principles and adopted it. As demonstrated by the information set out in this statement, together with the information contained in the Remuneration Report, TE believes that it has, save as indicated in the section entitled Non-compliance with the Code, applied the principles in compliance with the provisions of the Code. In the Non-compliance section, the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

B. COMPLIANCE WITH THE CODE

Principle 1: The Board

The Board’s role and responsibility is to provide the necessary leadership, to set strategy and to exercise good oversight and stewardship. In terms of the Memorandum of Association of TE, the affairs of the Company are managed and administered by a board composed of eight directors.

The Board is in regular contact with the Chief Executive Officer through the Chairman in order to ensure that the Board is in receipt of timely and appropriate information in relation to the business of TE and management performance. This enables the Board to contribute effectively to the decision-making process, whilst at the same time exercising prudent and effective controls. Directors are provided prior to each meeting with the necessary information and explanatory data as may be required by the particular item on the agenda. Comprehensive financial statements are also provided as necessary. The Company uses the services of external legal advisors. The Directors are entitled to seek independent professional advice at any time at the Company’s expense where necessary for the proper performance of their duties and responsibilities.

The Board delegates specific responsibilities to a number of committees, notably the Related Party Transactions Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Board Performance Evaluation Committee, each of which operates under specific terms of reference. Further detail in relation to the committees and the responsibilities of the Board is found in Principles 4 and 5 of this statement.

Principle 2: Chairman and Chief Executive Officer

The statute of TE provides for the Board to appoint from amongst its Directors a Chairman and a Vice-Chairman.

The Chairman is responsible to lead the Board and set its agenda, ensure that the Directors of the Board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company, ensure effective communication with shareholders and encourage active engagement by all members of the Board for discussion of complex or contentious issues.

The role of the Chief Executive Officer is to ensure effective overall management and control of Group business and proper co-ordination of the activities undertaken by the Group, and is responsible:

1. for the formulation and implementation of policies as approved by the Board;
2. to achieve the objectives of the Group as determined by the Board;
3. to devise and put into effect such plans and to organise, manage, direct and utilise the human resources available and all physical and other assets of the Group so as to achieve the most economically efficient use of all resources and highest possible profitability in the interest of the shareholders and all other stakeholders.

The Chief Executive Officer reports regularly to the Board on the business and affairs of the Group and the commercial, economic and other challenges facing it. He is also responsible to ensure that all submissions made to the Board are timely, give a true and correct picture of the issue or issues under consideration, and are of high professional standards as may be required by the subject matter concerned.

The Chairman also chairs a fortnightly Executive Committee Meeting, during which operational issues are discussed.

The above arrangements provide sufficient delegation of powers to achieve effective management. The organisational structure ensures that decision making powers are spread wide enough to allow proper control and reporting systems to be in place and maintained in such a way that no one individual or small group of individuals actually has unfettered powers of decision.

Principle 3: Composition of the Board

Each member of the Board offers core skills and experience that are relevant to the successful operation of the Company. Whilst relevance of skills is key, a balance between skills represented is sought through the work of the Nominations Committee to ensure that there is an appropriate mix of members with diverse backgrounds.

The Board is composed of a Chairman, a Non-Executive Vice-Chairman and six other Non-Executive Directors.

EXECUTIVE DIRECTORS

Mr Louis A. Farrugia – *Chairman*

NON-EXECUTIVE DIRECTORS

Mr Vincent Curmi – *Vice Chairman*

Mr Charles Borg

Mr Roderick Chalmers

Mr Michael Farrugia

Mr Alberto Miceli Farrugia

Marquis Marcus John Scicluna Marshall

Prof. Avv. Alberto Stagno d'Alcontres

The Chief Executive Officer attends all board meetings, albeit without a vote, in order to ensure his full understanding and appreciation of the Board's policy and strategy, and so that he can provide direct input to the Board's deliberations. The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate, taking into account the size of the Company and its operations. The combined and varied knowledge, experience and skills of the Board members provide a balance of competences that are required and add value to the functioning of the Board and its direction to the Company.

It is in the interest of each of the three major shareholders (who are the original promoters of the Company) to nominate as directors, knowledgeable, experienced and diligent persons.

Apart from this, informal arrangements, which do not infringe on their rights as shareholders, exist for consultation prior to any changes in the membership of the Board, as well as to assist in the identification of suitable persons who can be nominated for election by the other shareholders at general meetings, and who can bring in an independent viewpoint and particular knowledge to the deliberations of the Board. Family relationships among Directors, the Directors' interest in the share capital of the Company as disclosed in the Shareholder Information and the commonality of Directors with Simonds Farsons Cisk plc ("SFC") with which the Company maintains contractual relationships, represent potential conflicts of interest.

This notwithstanding, all Directors are considered to be independent in that they do not hold any relationship with the Company, a controlling shareholder or their management which creates a conflict of interest such as to impair their judgement.

This has been ensured through the implementation of the following measures:

- i. Disclosure and Exclusion: a Director is obliged to disclose any matter that may give rise to a potential or actual conflict. Following this, the respective Director is excluded from any deliberations and voting in respect of such matter.
- ii. Related Party Transaction Committee: with regards to any transactions which may be determined to be related party transactions, such transactions are referred to and dealt by the Related Party Transaction Committee (the "Committee"). As with the situation at Board level, any Director who is a related party with respect to a particular transaction is not permitted to participate in the Committee's deliberation and decision on the transaction concerned. Furthermore, due to the fact that the most common of matters in which a related party transaction may arise would be in relation to a transaction with SFC, the Committee is made up of Directors who are not common directors on the boards of both SFC and the Company.
- iii. Continuing Conflict: a Director having a continuing material interest that conflicts with the interests of the Company is obliged to take effective steps to eliminate the grounds for conflict and should this not be possible, said Director is encouraged to consider resigning.
- iv. Separation of Family Interests: there are no ties or relationships between management and the Directors

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

The Board meets regularly every month apart from other occasions as may be needed. Individual directors, apart from attendance at formal board meetings, participate in other ad hoc meetings during the year as may be required, and are also active in board sub-committees as mentioned further below, either to assure good corporate governance, or to contribute more effectively to the decision-making process.

| | |
|---|----|
| Meetings held: | 12 |
| Members Attended | |
| Mr Louis A. Farrugia – <i>Chairman</i> | 12 |
| Mr Vincent Curmi – <i>Vice Chairman</i> | 12 |
| Mr Charles Borg | 10 |
| Mr Roderick Chalmers | 12 |
| Mr Michael Farrugia | 11 |
| Mr Alberto Miceli Farrugia | 11 |
| Marquis Marcus John Scicluna Marshall | 8 |
| Prof. Avv. Alberto Stagno d'Alcontres | 10 |

The Board, in fulfilling its mandate within the terms of the Company's Memorandum and Articles of Association, and discharging its duty of stewardship of the Company and the Group, assumes responsibility for the following:

- reviewing and approving the business plan and targets that are submitted by management, and working with management in the implementation of the business plan;
- identifying the principal business risks for the Group and overseeing the implementation and monitoring of appropriate risk management systems;
- ensuring that effective internal control and management information systems for the Group are in place;
- assessing the performance of the Group's executive officers, including monitoring the establishment of appropriate systems for succession planning, and for approving the compensation levels of such executive officers; and
- ensuring that the Group has in place a policy to enable it to communicate effectively with shareholders, other stakeholders and the public generally.

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material error, losses or fraud.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls. In fulfilling its responsibilities, the Board regularly reviews and approves various management reports as well as annual financial plans, including capital budgets. The strategy, processes and policies adopted for implementation are regularly reviewed by the Board using key performance indicators. To assist it in fulfilling its obligations, the Board has delegated responsibility to the Chief Executive Officer.

Principle 6: Information and Professional Development

The Chief Executive Officer is appointed by the Board and enjoys the full confidence of the Board. The Chief Executive Officer, although responsible for the recruitment and selection of senior management, consults with the Board on the appointment of, and on a succession plan for, senior management.

Training (both internal and external) of management and employees is a priority, coordinated through the office of the Chief Executive Officer. On joining the Board, a director is provided with briefings by the Chairman and the Chief Executive Officer on the activities of the Company's business areas. Furthermore, all new directors are offered a tailored induction programme. Directors may, where they judge it necessary to discharge their duties as directors, take independent professional advice on any matter at the Company's expense. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and Non-Executive Directors, as well as facilitating induction and assisting with professional development as required.

Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring adherence to board procedures, as well as good information flows within the Board

and its committees. The Chairman ensures that board members continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on the Board committees.

The Company provides the necessary resources for developing and updating its directors' knowledge and capabilities. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters.

Principle 7: Evaluation of the Board's Performance

The role of the Board Performance Evaluation Committee chaired by a Non-Executive Director, is to deal with the Board's performance evaluation and identify ways how to improve the Board's effectiveness. The Board of Directors did not declare an interim dividend during the year, and in view of the current stage of the finalisation of the Trident Park project and the build-up of rental revenue streams therefrom, do not believe that it would be appropriate or prudent to recommend the declaration of a final dividend to the forthcoming Annual General Meeting of the Company. The Company Secretary discusses the results with the Chairman of the Committee who then presents the same to the Board together with initiatives undertaken to improve the Board's performance. The latest review has not resulted in any material changes in the Company's internal organisation or in its governance structures. The Non-Executive Directors are responsible for the evaluation of the Chairman of the Board.

Principle 8: Committees

Board Committees

The Board has set up the following subcommittees to assist it in the decision-making process and for the purposes of good corporate governance. The actual composition of these committees is provided in the Annual Report, but as stated earlier, each of the three major shareholders and the public shareholders are represented as far as possible.

The **Audit Committee's** primary objective is to protect the interests of the Company's shareholders and assist the directors in conducting their role effectively so that the Company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Audit Committee is composed of four members – Mr Roderick Chalmers (Chairman), Mr Vincent Curmi, Mr Alberto Miceli Farrugia and Mr Charles Borg – all being Non-Executive Directors. All directors on the Audit Committee are independent and, in the opinion of the Board, are free from any significant business, family or other relationship with the Company, its shareholders or its management that would create a conflict of interest such as to impair their judgement.

Mr Chalmers is a professional, qualified accountant with competence in matters relating to accounting and auditing. The Audit Committee as a whole has extensive experience in matters relating to the Company's area of operations, and therefore has the relevant competence required under Listing Rule 5.118. The Audit

Committee oversees the conduct of the external audits and acts to facilitate communication between the Board, Management and the external auditors.

The external auditors are invited to attend specific meetings of the Audit Committee and are also entitled to convene a meeting of the Committee if they consider that it is necessary so to do. The Chairman, the Chief Executive Officer and the Financial Controller are also invited to attend Audit Committee meetings. Members of management may be asked to attend specific meetings at the discretion of the Audit Committee.

During the year ended 31 January 2023, the Audit Committee held four meetings.

The **Related Party Transactions Committee** is presided over by the Non-Executive Vice Chairman and deals with and reports to the Board on all transactions with related parties. In the case of any director who is a related party with respect to a particular transaction, such director does not participate in the Committee's deliberation and decision on the transaction concerned.

Control mechanisms relevant to the reporting of related party transactions are in place to ensure that information is vetted and collated on a timely basis, before reporting to the Related Party Transactions Committee for independent and final review of the transactions concerned.

The **Remuneration Committee** is dealt with under the Remuneration Report which also includes the Remuneration Statement in terms of Code Provisions 8.A.3 and 8.A.4.

The **Nomination Committee** chaired by the Chairman is entrusted with leading the process for board appointments and to make recommendations to it. Any proposal for the appointment of a Director whether by the three major shareholders or by the general meeting of shareholders should be accompanied by a recommendation from the Board, based on the advice of the Nomination Committee.

Every shareholder owning twelve percent (12%) of the ordinary issued share capital or more, is entitled to appoint and replace a director for each and every twelve (12%) of such shares, and the remaining ordinary shares not so utilised are entitled to fill the remaining unfilled posts of directors. Thus, each of the three major shareholders who are named and whose holdings are listed in the notes to the financial statements (page 69), normally each appoint two directors for a total of six, the remaining two directors then being elected by the general public shareholders.

Accordingly, no individual or small group of individuals will be in a position to dominate the Board. The interests of the directors in the shares of the Company are disclosed in this Annual Report.

Principles 9 and 10: Relations with Shareholders and with the Market, and Institutional Shareholders

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood.

The Board endeavours to protect and enhance the interests of both the Company and its shareholders, present and future. The Chairman ensures that the views of shareholders are communicated to the Board as a whole.

The Board always ensures that all holders of each class of capital are treated fairly and equally. The Board also acts in the context that its shareholders are constantly changing and consequently, decisions take into account the interests of future shareholders as well.

Shareholders appreciate the significance of participation in the general meetings of the Company and particularly in the election of directors. They hold directors to account for their actions, their stewardship of the Company's assets and the performance of the Company.

The agenda for general meetings of shareholders and the conduct of such meetings is arranged in such a manner to encourage valid discussion and decision-taking.

The Chairman and the Chief Executive Officer also ensure that sufficient contact is maintained with major shareholders to understand issues and concerns.

The Company also communicates with its shareholders through the Company's Annual General Meeting ("AGM") (further detail is provided under the section entitled General Meetings).

The Chairman makes arrangements for the chairmen of the Audit and Remuneration Committees to be available to answer questions, if necessary.

Apart from the AGM, TE communicates with its shareholders by way of the Annual Report and Financial Statements, by publishing its results on an annual basis.

The Company's website (www.tridentestatesplc.com) also contains information about the Company and its business, including an Investor Relations section.

In addition, the Company holds a meeting for stockbrokers and financial intermediaries once a year to coincide with the publication of its financial statements.

The Company Secretary maintains two-way communication between the Company and its investors. Individual shareholders can raise matters relating to their shareholdings and the business of the Group at any time throughout the year and are given the opportunity to ask questions at the AGM or submit written questions in advance.

In terms of Article 51 of the Articles of Association of the Company and Article 129 of the Maltese Companies Act, the Board may call an extraordinary general meeting on the requisition of shareholders holding not less than one tenth (1/10) of the paid-up share capital of the Company. Minority shareholders are allowed to formally present an issue to the Board.

In the event of conflicts arising between minority shareholders and the three major shareholders, who are also the original promoters of the Company, every effort shall be made to seek mediation.

Principle 11: Conflicts of Interest

The Directors are strongly aware of their responsibility to act at all times in the interest of the Company and its shareholders as a whole and of their obligation to avoid conflicts of interest. The latter may arise on specific matters. In such instances:

- a director is obliged to make full and frank disclosure with respect to any matter where there is a potential or actual conflict, whether such conflict arises from personal interests or the interests of the companies in which such person is a director or officer;
- the said director is excused from the meeting and accordingly is not involved in the Company's board discussion on the matter; and
- the said director does not vote on any such matter.

A director having a continuing material interest that conflicts with the interests of the Company, is obliged to take effective steps to eliminate the grounds for conflict. In the event that such steps do not eliminate the grounds for conflict then the director should consider resigning.

On joining the Board and regularly thereafter, the directors are informed of their obligations on dealing in securities of the Company within the parameters of law, including the Listing Rules.

The directors' interests in the share capital of the Company as at 31 January 2023 and as at 30 April 2023 are disclosed in the Shareholder Information.

Principle 12: Corporate Social Responsibility

The principal objective of the Company's commitment to Corporate Social Responsibility (CSR) is to provide support where possible in aspects that include social, occupational, financial, cultural and historical values.

C. NON-COMPLIANCE WITH THE CODE

Principle 4 (Code Provision 4.2.7):

This Code Provision recommends "the development of a succession policy for the future composition of the Board and particularly the executive component thereof, for which the Chairman should hold key responsibility". In the context of the appointment of directors being a matter reserved exclusively to TE's shareholders (except where the need arises to fill a casual vacancy) as explained under Principle 3 in Section B, and on the basis of the Directors' non-executive role, the Company does not consider it feasible to have in place such a succession policy. However, the recommendation to have in place such a policy will be kept under review. An active succession policy is however in place for senior executive positions in the Company including that of the Chief Executive Officer.

D. INTERNAL CONTROL AND RISK MANAGEMENT INTERNAL CONTROL

The key features of the Group's system of internal control are as follows:

Organisation:

The Board of Directors of the subsidiaries are made up of a majority or all Board members of the Company and general and common issues are discussed across the board.

Control Environment:

The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Group policies and employee procedures are in place for the reporting and resolution of fraudulent activities. The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives.

Risk Identification:

Group management is responsible together with each Company's management, for the identification, evaluation, control and reporting of major risks applicable to their areas of business.

Reporting:

The Group has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and reviews by management.

On a monthly basis the Board receives a comprehensive analysis of financial and business performance, including reports comparing actual performance with budgets as well as analysis of any variances.

E. GENERAL MEETINGS

The manner in which the general meeting is conducted is outlined in Articles 49 to 52 of the Company's Articles of Association, subject to the provisions of the Maltese Companies Act, 1995.

Save for the exceptional circumstances arising out of the legally sanctioned delays allowed in times of the current pandemic, within seven months of the end of the financial year, an Annual General Meeting of shareholders is convened to consider the annual consolidated financial statements, the directors' and auditor's report for the year, to decide on dividends recommended by the Board, to elect the directors and appoint the auditors. Prior to the commencement of the Annual General Meeting, a presentation is made to shareholders on the progress made and strategies adopted during the year in the light of prevailing market and economic conditions and the objectives set by the Board, and an assessment on future prospects is given. The Group's presence on the worldwide web (www.tridentestatesplc.com) contains a corporate information section.

Apart from the above, the Group publishes its financial results every six months, and from time to time issues public notices regarding matters which may be of general interest or of material importance to shareholders and the market in general, or which may concern price sensitive issues.

At the time of the Annual General Meeting, the publication of the six monthly report or significant events affecting the Group, public meetings are held to which institutional investors, financial intermediaries and brokers are invited to attend. Press releases are also issued from time to time on the business activities of the Group.

All shareholders in the Shareholders' Register on the Record Date as defined in the Listing Rules, have the right to attend, participate and vote at general meeting. A shareholder or shareholders holding not less than 5% of the voting issued share capital may request the Company to include items on the agenda of a general meeting and/or table draft resolutions for items included in the agenda of a general meeting. Such requests are to be received by the Company at least forty-six (46) days before the date set for the relative general meeting.

A shareholder who cannot participate in the general meeting can appoint a proxy by written or electronic notification to the Company. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to items on the agenda of the general meeting and to have such questions answered by the Directors or such persons as the Directors may delegate for that purpose.

F CODE OF CONDUCT

The Code of Conduct for TE employees was introduced in 2020. The basic principles of the Company are a legacy of SFC and the code reflects the same values of Success, Teamwork, Respect, Integrity, Dynamism and Excellence which are abbreviated by the acronym S.T.R.I.D.E.

TE's reputation depends on how each of its employees conduct themselves both individually and collectively as a company. Therefore, the Code of Conduct is intended to serve as general guidance for all employees who are expected to "do the right thing" and to ensure the highest standards of integrity, mutual respect and cordiality contributing to an ethical and professional environment.

The Code of Conduct makes it clear that the Board condemns any form of bribery and corruption, improper payments as well as money-laundering and has a zero-tolerance attitude to fraud malpractice and wrongdoing, and a commitment to ethics and best practice.

TE employees have a responsibility to voice their concerns when they suspect/know that their superiors/colleagues are involved in something improper, unethical or inappropriate or have potentially infringed the Code of Conduct. The Speak-Up policy was established to ensure that all cases of suspected wrongdoing are reported and managed in a timely and appropriate manner.

Signed by Louis A. Farrugia (Chairman) and Roderick Chalmers (Director) on behalf of the Board on 19 May 2023

REMUNERATION REPORT

1. TERMS OF REFERENCE AND MEMBERSHIP

The Remuneration Committee is composed of three independent non-executive Directors. During the financial year ended 31 January 2023 (FY 2023), the Remuneration Committee was composed of Mr Charles Borg (Chairman), Marquis Marcus John Scicluna Marshall and Prof. Avv. Alberto Stagno d'Alcontres. The Committee met once during the year with all members in attendance.

In terms of the Remuneration Policy of the Group, the Remuneration Committee is responsible for reviewing and approving all remuneration packages of Executive Directors. The Remuneration Policy was approved by Shareholders at the 20th Annual General Meeting held on 9 October 2020 with 33,496,250 votes in favour and 3,657 votes against and can be found on the Group's website www.tridentstatesplc.com. Any material amendment to the Remuneration Policy shall be submitted to a vote by the Annual General Meeting before adoption and shall in any event be subject to confirmation at least every four years.

As provided in the Remuneration Policy, the recommendations of the Remuneration Committee are submitted to the Board for consideration and final approval. Individual Executive Directors recuse themselves from any participation in Board discussions concerning their own remuneration as appropriate. The Remuneration Committee is also responsible for drawing up and proposing to the Company's Board of Directors any amendments thought necessary to the Remuneration Policy for consideration and approval. Any amendments to the Remuneration Policy will require the approval of Shareholders in the Annual General Meeting.

2. REMUNERATION STRATEGY AND POLICY

The strategy of the Trident Group is founded on developing and managing quality property assets that create value to tenants and provide a fair return to shareholders so as to ensure long-term investment and profitable growth. It is believed that it is through the implementation and observance of the above principles that the Group will accomplish the vision of growing its business within the local real estate sector.

The Trident Group has a small number of employees and a compact management team. Notwithstanding the limited number of personnel, in order to achieve the above strategic outcomes, it is necessary that the Group attracts, retains and motivates the best available talent at all levels – from the most recently recruited trainee to members of the Board of Directors.

In order to be successful in this quest of attracting, retaining and motivating best in class talent, it is essential that the Group's Remuneration Policy provides market-competitive salaries and related benefits by reference to those provided by other entities operating in the same market sector. There is therefore a clear

synthesis in the pay structures of all employees across the Group, whether executive or otherwise, and the Board believes that this approach serves the best long-term interests of all stakeholders.

The above principles apply equally to Remuneration Policy insofar as Directors are concerned. However, there is a need to distinguish between Executive and Non-Executive Directors, and further details are provided below.

3. REMUNERATION POLICY – EXECUTIVE DIRECTORS

Executive Directors are members of the Board who also have an executive role in the day-to-day management of the Company and the Group. For the purposes of this Remuneration Policy and pursuant to Listing Rule 12.2A, the Chief Executive Officer is considered to be an Executive Director of the Company.

Insofar as Executive Directors are concerned, remuneration is made up of the following components:

- (a) **Fixed Pay** - Fixed or Base salary (including statutory bonus) - established by reference to the role, skills and experience of the individual concerned and appropriate market comparatives.
- (b) **Variable Pay** – which is made up of two components as follows:
 - i. **Performance bonus** – a variable component established by reference to the attainment or otherwise of pre-established quantitative targets.
 - ii. **Discretionary bonus** – also a variable component, established by reference to the evaluation of qualitative goals which are reviewed from time to time.

Where applicable, the variable components to the remuneration awarded to Executive Directors are established from year to year and the quantitative and qualitative targets included therein would change from time to time depending on the circumstances of the business. Typically, targets directed towards the long-term interest and sustainability of the Company and the Group would include, but are not limited to, the achievement of set completion dates and cost targets on development projects together with rental take up rates on completion, agreed profit or EBITDA targets, environmental and other ESG goals, and the implementation of specifically defined business initiatives.

There are no pre-set fixed relationships between fixed and variable remuneration – and these would vary between Executive Directors (and indeed senior management). Whereas quantitative awards are usually formulaic in their calculation, discretionary and qualitative awards necessarily involve the application of subjective judgment.

Other provisions that form part of the Directors' Remuneration Policy include the following:

- Claw Backs – there are no claw back provisions in place in respect of variable salary awards.
- Benefits – which would comprise those benefits normally available to senior executives comprising principally (a) the provision of a suitable (taxed and insured) company car, (b) standard executive health insurance and life assurance cover, (c) mobile phone and allowance (d) other incidental benefits. Executive Directors also receive an expense allowance in reimbursement of certain expenses incurred in the execution of their respective roles and duties.
- Share Option schemes – to date it has not been the policy of the Group to introduce any form of share option scheme or other executive share awards.

The Board believes that the above components of Executive Director remuneration serve to contribute to the realization of the Group's long-term strategy and interest – and also serve to secure alignment between the interests of the Executive Directors and that of the Shareholders.

Members of the Board of Directors appointed under the provisions of Article 96 retire from office at least once every three years but remain eligible for re-appointment. Those members of the Board elected under the provisions of Article 97 shall retire from office at the end of the next Annual General Meeting following their election, and also remain eligible for re-election. The CEO is engaged without a fixed term contract. In terms of current labour regulations, the CEO (and the senior management team) are all regarded as employees on indefinite contracts.

4. REMUNERATION POLICY – NON-EXECUTIVE DIRECTORS

Non-Executive Directors are those members of the Board who do not have a role in the day-to-day executive management of the Company and the Group. Remuneration for Non-Executive Directors is determined by the Board of Directors as a whole and takes into account the skills required and those levels prevailing in the market for entities of a similar size and complexity.

The aggregate remuneration payable to Non-Executive Directors is approved by Shareholders in the Annual General Meeting pursuant to Article 81(1) of the Articles of Association of the Company and has two components:

- A fixed or base Director's fee which is established by reference to those levels prevailing in the market for entities of a similar size and complexity.
- Board Committee fee for membership of the various established Board Committees. These Board Committee fees vary between Committees depending upon the relative workloads and time commitment involved, and the skill sets, experience and professional knowledge required for the particular Committee concerned.
- From time-to-time circumstances may arise whereby the Board of Directors (or members thereof) are faced in a particular year with significantly higher and complex workloads than would be the norm. In recognition of such circumstances, Board members may be awarded an additional fixed fee on an exceptional basis. Such additional awards would fall to be within the aggregate approved amount by the general meeting in terms of Article 81(1) of the Articles of Association of the Company.

Non-Executive Directors are not entitled to any contractual pension, termination or retirement benefits. However, they may be reimbursed certain expenses incurred in the discharge of their responsibilities.

5. REMUNERATION – DIRECTORS AND CHIEF EXECUTIVE OFFICER

The following table provides a summary of the remuneration for the year ended 31 January 2023 for each individual Director and for the Chief Executive Officer.

| Directors' Emoluments Year ended 31 January 2023 | | Board + Committee fees € | Fixed pay € | Variable pay € | Benefits + allowances € | Aggregate € |
|---|--------------------------------|--------------------------------|----------------|-------------------|-------------------------------|----------------|
| Louis Farrugia | Chairman Executive | 40,000 | | | | 40,000 |
| Charles Xuereb | CEO | | 153,012 | 45,000 | 1,980 | 199,992 |
| Vincent Curmi | Vice Chairman Non-Executive | 27,000 | | | | 27,000 |
| Charles Borg | Non-executive | 21,000 | | | | 21,000 |
| Roderick Chalmers | Non-executive | 25,000 | | | | 25,000 |
| Michael Farrugia | Non-executive | 20,000 | | | | 20,000 |
| Alberto Miceli Farrugia | Non-executive | 22,000 | | | | 22,000 |
| Marquis Marcus J. Scicluna Marshall | Non-executive | 21,000 | | | | 21,000 |
| Prof. Avv. Alberto Stagno d'Alcontres | Non-executive | 21,000 | | | | 21,000 |

Board related emoluments included in the above table requiring Shareholder approval under Article 81 total €197,000 (approved limit: €300,000) and remained unchanged from 2018. In 2022, the Chief Executive Officer received a fixed pay of €152,239, a variable pay of €38,334, and allowances of €1,980 (2021: €149,729, €38,334, €1,980 respectively).

6. SHAREHOLDER INVOLVEMENT

Pursuant to Article 81 of the Memorandum and Articles of Association of the Company, remuneration (emoluments) payable to Directors with regard to their membership of the Board of Directors is always subject to the maximum aggregate limit approved by the Shareholders in the Annual General Meeting. This amount was fixed at an aggregate sum of €300,000 per annum at the 18th Annual General Meeting held on 27 June 2018.

Whereas remuneration paid to Executive Directors by virtue of their executive office (as opposed to membership of the Board) is not subject to the maximum aggregate limit stipulated under Article 81 as described above, with effect from FY 2021 and pursuant to the requirements of Capital Markets Rules, the Remuneration Report of the Company shall form part of the Annual Report and shall provide full details of remuneration paid to all Directors. In accordance with Listing Rule 12.26L and 12.26M, the Remuneration Report will be subjected to an advisory vote by the Shareholders at each Annual General Meeting and shall be made available on the Company's website for a period of 10 years following the meeting.

7. SENIOR MANAGEMENT REMUNERATION

For the purposes of this Remuneration Report, "Senior Management" shall mean the Chief Executive Officer, the Chief Operating Officer and the Financial Controller. The Chief Executive Officer is responsible for carrying out regular reviews of the compensation structure pertaining to senior management in the light of the Group's performance, economic situation and market trends. One of the main objectives is to recruit and retain executives of high professional standards and competence who can enhance the Group's performance and assure the best operational and administrative practices.

The Chief Executive Officer reports and makes recommendations periodically to the Board and the Remuneration Committee on the remuneration packages, including bonus arrangements, for achieving pre-determined targets.

The Remuneration Committee is required to evaluate, recommend and report on any proposals made by the Chief Executive Officer relating to senior management remuneration and conditions of service. The Committee considers that the current executive management remuneration packages are based upon the appropriate local market equivalents and are fair and reasonable for the responsibilities involved. The Committee also believes that the remuneration packages are such as to enable the Company to attract, retain and motivate executives having the appropriate skills and qualities to ensure the proper management of the organisation.

The Committee is also charged with considering and determining any recommendations from management on requests for early retirement.

The terms and conditions of employment of senior executives are set out in their respective contracts of employment with the Company. As a general rule such contracts do not contain provisions for termination payments and/or other payments linked to early termination.

Senior management is eligible for an annual performance bonus which is linked to agreed performance targets and their achievement. The Remuneration Committee is of the view that

the relationship between fixed and variable remuneration and performance bonus are reasonable and appropriate. There are no claw-back provisions in respect of variable salary awards.

There are no executive profit sharing, share options or pension benefit arrangements in place. Non-cash benefits to which Senior Management are entitled comprise those normally available to senior executives including the provision of a suitable taxed and insured company car, executive health and life assurance cover, a mobile phone package and other incidental corporate benefits.

During the year under review the total emoluments relating to the Group Senior Management members were as follows:

| Senior management remuneration | Fixed pay € | Variable pay € | Benefits + allowances € | Aggregate € |
|---|----------------|-------------------|-------------------------------|----------------|
| Senior management remuneration for year ended 31 January 2023 | 257,875 | 59,000 | 6,460 | 323,355 |
| Senior management remuneration for year ended 31 January 2022 | 255,188 | 51,834 | 5,560 | 312,512 |
| Senior management remuneration for year ended 31 January 2021 | 247,423 | 51,833 | 5,560 | 304,816 |

The above table includes the remuneration and related benefits awarded to the Group's Senior Management team.

8. APPENDIX 12.1 OF THE CAPITAL MARKETS RULES

The following table presents the annual change of remuneration, of the company's performance, and of average remuneration on a full-time equivalent basis of the company's employees (other than directors) over the two most recent financial years as per the requirements within Appendix 12.1 of the Capital Market Rules.

| | 2023 | 2022 | 2021 | Change 2022 to 2023 | Change 2021 to 2022 |
|---|--------|--------|--------|------------------------|------------------------|
| | €'000 | €'000 | €'000 | % | % |
| Remuneration | | | | | |
| Directors remuneration and committee allowances | 197 | 197 | 197 | - | - |
| CEO's remuneration | 200 | 193 | 190 | 4 | 2 |
| Total employee remuneration excluding directors & CEO | 354 | 365 | 306 | (3) | 19 |
| Average employee remuneration | 44 | 37 | 38 | 24 | 8 |
| Company performance | | | | | |
| Revenue | 2,354 | 1,128 | 1,143 | 109 | (1) |
| Profit after tax | 6,574 | 63 | 550 | 10,435 | (89) |
| Profit for the year excluding fair value movements | 500 | 63 | 44 | 792 | 43 |
| Value of investment property held under development | - | 54,909 | 38,955 | (100) | 41 |
| Value of investment property held for commercial use | 78,495 | 12,394 | 12,394 | 633 | - |

At this stage, the Group's performance is primarily gauged on the progress made on the Trident Park development.

9. CONTENTS OF THE REMUNERATION REPORT

The contents of the Remuneration Report have been reviewed by the external Auditors to ensure that it conforms with the requirements of Appendix 12.1 to Chapter 12 of the Listing Rules.

STATEMENTS OF FINANCIAL POSITION

As at 31 January

| | Notes | Group | | Company | |
|---------------------------------|-------|----------------|---------------|---------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | €'000 | €'000 | €'000 | €'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 4 | 89 | 51 | 72 | 51 |
| Right-of-use assets | 5 | 3,525 | 3,600 | 620 | 635 |
| Investment property: | | | | | |
| – held under development | 6 | - | 54,909 | - | - |
| – held as commercial property | 6 | 78,495 | 12,394 | 9,736 | 9,736 |
| – held for future development | 6 | 18,000 | 11,251 | 18,000 | 11,251 |
| Investment in subsidiaries | 7 | - | - | 520 | 520 |
| Deferred tax asset | 12 | 336 | 292 | - | - |
| Total non-current assets | | 100,445 | 82,497 | 28,948 | 22,193 |
| Current assets | | | | | |
| Trade and other receivables | 8 | 1,166 | 1,000 | 33,256 | 32,615 |
| Advance payment | 7 | - | - | 951 | 951 |
| Cash and cash equivalents | 9 | 1,329 | 785 | 505 | 597 |
| Total current assets | | 2,495 | 1,785 | 34,712 | 34,163 |
| Total assets | | 102,940 | 84,282 | 63,660 | 56,356 |

As at 31 January

| | Notes | Group | | Company | |
|---------------------------------------|-------|----------------|---------------|---------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | €'000 | €'000 | €'000 | €'000 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Share capital | 10 | 42,000 | 42,000 | 42,000 | 42,000 |
| Share premium | 10 | 2,833 | 2,833 | 2,833 | 2,833 |
| Fair value gains reserve | 11 | 9,516 | 3,442 | 7,546 | 1,472 |
| Retained earnings | | 5,374 | 4,874 | 5,051 | 4,767 |
| Total equity | | 59,723 | 53,149 | 57,430 | 51,072 |
| Non-current liabilities | | | | | |
| Borrowings | 15 | 23,701 | 16,771 | - | - |
| Lease liabilities | 5 | 3,716 | 3,733 | 687 | 687 |
| Deferred tax liabilities | 12 | 3,040 | 2,365 | 2,773 | 2,098 |
| Total and other payables | 13 | 692 | 2,545 | - | - |
| Provision for liabilities and charges | 14 | 1,299 | - | - | - |
| Total non-current liabilities | | 32,448 | 25,414 | 3,460 | 2,785 |
| Current liabilities | | | | | |
| Borrowings | 15 | 1,536 | - | - | - |
| Trade and other payables | 13 | 9,088 | 5,630 | 2,690 | 2,451 |
| Lease liabilities | 5 | 18 | 17 | - | - |
| Current tax liabilities | | 127 | 72 | 80 | 48 |
| Total current liabilities | | 10,769 | 5,719 | 2,770 | 2,499 |
| Total liabilities | | 43,217 | 31,133 | 6,230 | 5,284 |
| Total equity and liabilities | | 102,940 | 84,282 | 63,660 | 56,356 |

The Notes on pages 36 to 60 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the board of directors on 19 May 2023. The financial statements were signed on behalf of the Board of Directors by Louis A. Farrugia (Chairman) and Roderick Chalmers (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

STATEMENTS OF COMPREHENSIVE INCOME

| | | Year ended 31 January | | | |
|---|-------|-----------------------|-------|--------------|-------|
| | | Group | | Company | |
| | | 2023 | 2022 | 2023 | 2022 |
| | Notes | €'000 | €'000 | €'000 | €'000 |
| Revenue | 16 | 2,354 | 1,128 | 830 | 762 |
| Direct costs | 17 | (262) | - | - | - |
| Administrative expenses | 17 | (879) | (805) | (299) | (242) |
| Other operating income | | 54 | - | - | - |
| Operating profit | | 1,267 | 323 | 531 | 520 |
| Fair value gains on investment property | 6 | 6,749 | - | 6,749 | - |
| Finance costs | 20 | (530) | (182) | (34) | (35) |
| Profit before tax | | 7,486 | 141 | 7,246 | 485 |
| Tax expense | 21 | (912) | (78) | (888) | (194) |
| Profit for the year | | 6,574 | 63 | 6,358 | 291 |
| Basic and diluted earnings per share for the year attributable to shareholders | 23 | 0.157 | 0.002 | | |

The Notes on pages 36 to 60 are an integral part of these consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

GROUP

| | | Share capital | Share premium | Fair value gains reserve | Retained earnings | Total equity |
|--|------|---------------|---------------|--------------------------|-------------------|---------------|
| | Note | €'000 | €'000 | €'000 | €'000 | €'000 |
| Balance at 1 February 2021 | | 42,000 | 2,833 | 3,442 | 4,811 | 53,086 |
| Comprehensive income | | | | | | |
| Profit for the year | | - | - | - | 63 | 63 |
| Balance at 31 January 2022 | | 42,000 | 2,833 | 3,442 | 4,874 | 53,149 |
| Balance at 1 February 2022 | | 42,000 | 2,833 | 3,442 | 4,874 | 53,149 |
| Comprehensive income | | | | | | |
| Profit for the year | | - | - | - | 6,574 | 6,574 |
| Transactions with owners | | | | | | |
| Transfer of fair value movements on investment property, net of deferred tax | 11 | - | - | 6,074 | (6,074) | - |
| Balance at 31 January 2023 | | 42,000 | 2,833 | 9,516 | 5,374 | 59,723 |

COMPANY

| | | Share Capital | Share premium | Fair value gains reserve | Retained earnings | Total equity |
|--|------|---------------|---------------|--------------------------|-------------------|---------------|
| | Note | €'000 | €'000 | €'000 | €'000 | €'000 |
| Balance at 1 February 2021 | | 42,000 | 2,833 | 1,472 | 4,476 | 50,781 |
| Comprehensive income | | | | | | |
| Profit for the year | | - | - | - | 291 | 291 |
| Balance at 31 January 2022 | | 42,000 | 2,833 | 1,472 | 4,767 | 51,072 |
| Balance at 1 February 2022 | | 42,000 | 2,833 | 1,472 | 4,767 | 51,072 |
| Comprehensive income | | | | | | |
| Profit for the year | | - | - | - | 6,358 | 6,358 |
| Transactions with owners | | | | | | |
| Transfer of fair value movements on investment property, net of deferred tax | 11 | - | - | 6,074 | (6,074) | - |
| Balance at 31 January 2023 | | 42,000 | 2,833 | 7,546 | 5,051 | 57,430 |

The Notes on pages 36 to 60 are an integral part of these consolidated financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 January

| | Notes | Group | | Company | |
|---|-------|---------|----------|---------|---------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | €'000 | €'000 | €'000 | €'000 |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 22 | 1,824 | 553 | 160 | 1,090 |
| Interest paid | | (349) | (182) | - | - |
| Net income tax paid | | (226) | (295) | (181) | (216) |
| Net cash generated from/(used in) operating activities | | 1,249 | 76 | (21) | 874 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | | (56) | (15) | (37) | (15) |
| Purchase of investment property including advanced payments | | (8,918) | (15,546) | - | - |
| Net movements in advances to subsidiary | | - | - | - | (1,517) |
| Net cash used in investing activities | | (8,974) | (15,561) | (37) | (1,532) |
| Cash flows from financing activities | | | | | |
| Proceeds from bank borrowings | | 8,466 | 14,564 | - | - |
| Principal elements of lease payments | | (197) | (17) | (34) | (35) |
| Net cash generated from/(used in) financing activities | | 8,269 | 14,547 | (34) | (35) |
| Net movement in cash and cash equivalents | | | | | |
| | | 544 | (938) | (92) | (693) |
| Cash and cash equivalents at beginning of year | | | | | |
| | | 785 | 1,723 | 597 | 1,290 |
| Cash and cash equivalents at end of year | | | | | |
| | 9 | 1,329 | 785 | 505 | 597 |

The Notes on pages 36 to 60 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These consolidated financial statements include the financial statements of Trident Estates plc and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, (Cap. 386). They have been prepared under the historical cost convention, as modified by the fair valuation of investment property and except as disclosed in the accounting policies below. Unless otherwise stated, all financial information presented has been rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Group and Company's accounting policies (see Note 3 – Critical accounting estimates and judgements).

As at year end the Group has a net current liability position of €8,274,000 (2022: €3,934,000). The Group has unutilised long-term loan facilities of €3.3 million (2022: €11.7 million) which it intends to draw down over the next months to finance the completion of the Trident Park project.

The Board is undertaking a strategic review to cover the next phases of the Group's business plan. This review will also consider the Group's funding requirements, noting the significant stock of unencumbered assets. Given the build-up of rental revenue streams from the Trident Park project and the options available to the Group in terms of access to funding, management's projections covering the next two years indicate sufficient liquidity to cover the Group's requirements. Accordingly, the directors have concluded that at the time of approving these financial statements the Group's business is considered to be a going concern and the Group is able to finance its operations and capital project commitments in the coming year.

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Group and the Company adopted amendments and interpretations to existing standards that are mandatory to the company's accounting period beginning on 1 February 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the company's accounting policies beginning after 1 February 2022. The Group and the Company have not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group and the Company's directors are of the opinion that there are no requirements that will have possible significant impact on the Group and the Company's financial statements in the period of initial application.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 1.6).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A listing of the subsidiaries is set out in Note 28 to the financial statements.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment loss. See Note 1.6 for the impairment of non-financial assets including goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.4 Property, plant and equipment

Property, plant and equipment is initially recorded at historical cost and is subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | |
|--------------------------|-----|
| • Motor vehicles | 20% |
| • Furniture and fixtures | 10% |
| • Computer equipment | 33% |
| • Electronic equipment | 25% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 1.6).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

1.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Group, is classified as investment property. Investment property comprises freehold and leasehold property.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended annually. After initial recognition, investment property is carried at fair value representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed annually. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the Group decides to dispose of an investment property without development, the Group continues to treat the property as an investment property. Similarly, if the Group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost

for subsequent accounting as inventories is its fair value at the date of change in use.

1.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.7 Financial instruments

Classification

The Group and Company classifies their financial assets as financial assets measured at amortised costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group and Company classifies their financial assets as at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have

expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income on debt instruments measured at amortised cost from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of these instruments is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statements of comprehensive income.

Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's financial assets are subject to the expected credit loss model.

Expected credit loss model

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

1.8 Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowance (Note 1.7).

Details about the Group's impairment policies and the calculation of loss allowance are provided in Note 1.7.

1.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statements of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income. In this case the tax is also recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Under this method the Group is required to make a provision for deferred taxes on the fair valuation of certain non-current assets. Such deferred tax is charged or credited directly to profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statements of financial position at face value. In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the statements of financial position.

1.11 Share capital and share premium

Ordinary shares are classified as equity. Amounts received in excess of par value are credited to share premium. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.12 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

1.14 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities'). These financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax or other sales taxes, returns, rebates and discounts. Revenue is recognised as follows:

(a) Property related income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(b) Finance income

Finance income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income.

1.18 Leases

The Group and Company is the lessor

Assets leased out under operating leases are included in investment property in the statement of financial position and are accounted for in accordance with accounting policy (Note 1.5). These assets are fair valued annually on a basis consistent with similarly owned investment property. Rental income from operating leases recognised in profit or loss on a straight-line basis over the lease term. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of the adoption of the new leasing standard.

The Group and Company is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The group's leasing activity and how this is accounted for.

The group and the Company have existing leases in relation to ground rent. These contracts are long term in nature and does not impose any covenants.

From 1 February 2019, lease were recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset were available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liability includes the net present value of the following lease payments:

- fixed payments;
- variable lease payments that are based on an index or a rate.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group and the Company:

- where possible, uses recent third-party financing received by the lessee as a starting point;
- adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group and Company are typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group and Company are typically reasonably certain to extend (or not terminate);
- Otherwise, the Group and Company consider other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

1.19 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the Group's interest-bearing borrowings.

1.20 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the end of the period. Where the company increases its share capital through a rights issue, comparative EPS is restated to reflect the situation as if the discount embedded within the rights issue had been in place at the beginning of the comparative period.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's Board provides principles for overall Group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Market risk

Cash flow interest rate risk

The Group is exposed to the risk of fluctuating market interest rates. As the Group has no significant long-term interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. Bank borrowings issued at variable rates, expose the Group to cash flow interest rate risk. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on.

At the reporting date, if the interest rate had increased/decreased by 3% (assuming a parallel shift of 300 basis points in yields) with all other variables held constant, the pre-tax result for the subsequent year would change by the following amount:

| | (+) 3% | (-) 3% |
|---------------------------|--------|--------|
| | €'000 | €'000 |
| At 31 January 2023 | 6,842 | 5,656 |

(b) Credit risk

The Group and Company measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss.

The Group's and Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The Group and Company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

| | Group | | Company | |
|--|--------------|--------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Financial assets measured at amortised cost | | | | |
| Trade and other receivables (Note 8) | 435 | 685 | 33,129 | 32,519 |
| Cash and cash equivalents (Note 9) | 1,329 | 785 | 505 | 597 |
| | 1,764 | 1,470 | 33,634 | 33,116 |

To measure the expected credit losses, trade receivables, other receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due.

The Group monitors the performance of its receivables on a regular basis to identify expected collection losses, which are inherent in the Group's receivables, taking into account historical experience.

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group holds collateral in the form of cash deposits and other guarantees received from tenants totalling to €692,000 (2022: €696,000) as security for rents and leases due.

The Group's and the Company's operations are principally carried out in Malta and their revenues originate from clients based in Malta. The Group and Company assess the credit quality of its customers taking into account financial position, past experience and other factors. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The Group presently has a small number of clients as tenants, these mainly relate to companies within the Farsons Group. The Group assessed the respective credit risk and concluded that despite this concentration, these tenants are able to honour their contractual

commitments. Loss allowances remained unchanged from the prior year in respect of trade debtors that were not expected to be recovered, amounting to €26,000 (2022: €26,000).

The Company's receivables comprise amounts due from subsidiaries which are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for instruments which have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. This assessment takes into consideration the financial position, performance and other factors of the counterparty. Management monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Group and Company take cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

At 31 January 2023 and 2022, cash is held with reputable European financial institutions. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Group.

(c) Liquidity risk

The Group and Company are exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally lease liabilities trade and other payables, amounts owed to related parties and subsidiaries respectively (refer to Notes 5 and 13). 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 Group's and Company's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that adequate financing facilities are in place for the coming year. The Group ensures that it has enough cash on demand, within pre-established benchmarks, to meet expected operational expenses and servicing of financial obligations over specific short-term periods, excluding the potential impact of extreme circumstances that cannot reasonably be predicted. The Group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Group's committed borrowing facilities and other financing that it can access to meet liquidity needs.

The following table analyses the Group's and Company's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

| Group | Carrying amount | Contractual cash flows | Within one year | Between one to five years | More than five years |
|--------------------------|-----------------|------------------------|-----------------|---------------------------|----------------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| 31 January 2023 | | | | | |
| Lease liabilities | 3,734 | 11,723 | 198 | 801 | 10,724 |
| Trade and other payables | 9,780 | 9,780 | 9,088 | - | 692 |
| Borrowings | 25,238 | 37,279 | 2,866 | 10,425 | 23,988 |
| | 38,752 | 58,782 | 12,152 | 11,226 | 35,404 |
| 31 January 2022 | | | | | |
| Lease liabilities | 3,750 | 11,751 | 198 | 798 | 10,755 |
| Trade and other payables | 8,175 | 8,175 | 7,479 | - | 696 |
| Borrowings | 16,771 | 20,021 | 1,082 | 7,221 | 11,718 |
| | 28,696 | 39,947 | 8,759 | 8,019 | 23,169 |
| Company | Carrying amount | Contractual cash flows | Within one year | Between one to five years | More than five years |
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| 31 January 2023 | | | | | |
| Lease liabilities | 687 | 2,312 | 34 | 142 | 2,136 |
| Trade and other payables | 2,690 | 2,690 | 2,690 | - | - |
| | 3,377 | 5,002 | 2,724 | 142 | 2,136 |
| 31 January 2022 | | | | | |
| Lease liabilities | 687 | 2,339 | 34 | 140 | 2,165 |
| Trade and other payables | 2,451 | 2,451 | 2,451 | - | - |
| | 3,138 | 4,790 | 2,485 | 140 | 2,165 |

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitored the level of capital on the basis of the ratio of aggregated net debt to total capital. Total debt is calculated as total borrowings (as shown in the statement of financial position) plus lease liabilities. Total capital is calculated as equity, as shown in the statement of financial position, plus total debt. The aggregated figures in respect of the group's equity and borrowings are reflected below:

| | Group | |
|----------------------------|--------|--------|
| | 2023 | 2022 |
| | €'000 | €'000 |
| Total borrowings (Note 15) | 25,237 | 16,771 |
| Lease liabilities (Note 5) | 3,734 | 3,750 |
| Total debt | 28,971 | 20,521 |
| Total equity | 59,723 | 53,149 |
| Total capital | 88,694 | 73,670 |
| Gearing | 33% | 28% |

The group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above from period to period, with a view to managing the cost of capital. The level of capital of the group, as reflected in the statement of financial position, is maintained by reference to its respective financial obligations and commitments arising from operational requirements. In view of the nature of the group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period is deemed adequate by management.

2.3 Fair values of instruments not carried at fair value

At 31 January 2023 and 2022, the carrying amounts of cash at bank, trade and other receivables and trade and other payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of amounts owed by subsidiaries which are current or repayable on demand is equivalent to their carrying amount.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements, except as disclosed in Note 6, are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. PROPERTY, PLANT AND EQUIPMENT

| | Group | | Company | |
|---|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Year ended 31 January | | | | |
| Opening net book amount | 51 | 51 | 51 | 51 |
| Additions | 56 | 15 | 37 | 15 |
| Depreciation | (18) | (15) | (16) | (15) |
| Closing net book amount | 89 | 51 | 72 | 51 |
| At 31 January | | | | |
| Cost or valuation | 178 | 122 | 159 | 122 |
| Accumulated depreciation and impairment | (89) | (71) | (87) | (71) |
| Closing carrying amount | 89 | 51 | 72 | 51 |

Depreciation charge for the financial year is included in operating and administrative expenses.

5. LEASES

The Group and the Company have various lease agreements for ground rent which are all long-term in nature. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 5%.

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating leases:

| | Group | | Company | |
|----------------------------|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Right-of-use-assets | | | | |
| Land | 3,525 | 3,600 | 620 | 635 |
| Lease Liabilities | | | | |
| Current | 18 | 17 | - | - |
| Non-current | 3,716 | 3,733 | 687 | 687 |
| Total | 3,734 | 3,750 | 687 | 687 |

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

| | Group | | Company | |
|-------------------------------------|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Amortisation of right-of-use-assets | 75 | 75 | 15 | 15 |
| Interest expense | 181 | 182 | 34 | 35 |

6. INVESTMENT PROPERTY

| Group | 2023 | 2022 |
|------------------------------|--------|--------|
| | €'000 | €'000 |
| Year ended 31 January | | |
| Opening net book amount | 78,554 | 62,600 |
| Additions | 11,192 | 15,954 |
| Fair value movements | 6,749 | - |
| Closing net book value | 96,495 | 78,554 |
| At 31 January | | |
| Cost | 72,550 | 61,358 |
| Fair value movements | 23,945 | 17,196 |
| Net book amount | 96,495 | 78,554 |

Additions for both 2023 and 2022 relate to the respective assets being developed which have been commissioned as at year end.

Net fair value movements noted above comprise the following:

| Group | 2023 | 2022 |
|-------|-------|-------|
| | €'000 | €'000 |

Fair value gains

| | | |
|-----------------------------|-------|---|
| Held for future development | 6,749 | - |
|-----------------------------|-------|---|

| Company | 2023 | 2022 |
|---------|-------|-------|
| | €'000 | €'000 |

Year ended 31 January

| | | |
|-------------------------|--------|--------|
| Opening carrying amount | 20,987 | 20,987 |
| Fair value movements | 6,749 | - |
| Closing net book value | 27,736 | 20,987 |

At 31 January

| | | |
|----------------------|--------|--------|
| Cost | 5,421 | 5,421 |
| Fair value movements | 22,315 | 15,566 |
| Net book amount | 27,736 | 20,987 |

Fair value of property

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);

- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

On 31 January 2023, the Directors approved the valuations of the Group's and Company's investment properties. These valuations were determined on the basis of open market values after considering the intrinsic value of the property and net potential returns. During the financial year ending 31 January 2023, these valuations resulted in a net increase in the value of property classified under investment property amounting to €6,749,000 (2022: nil) in the case of both the Group and the Company. The fair value gain was based on a series of offers received for the property from serious potential buyers. The Board and management also assessed the valuations of the other properties and deemed there were no material changes in the values of the other properties held for commercial use.

All the recurring property fair value measurements at 31 January 2023 use significant unobservable inputs and are accordingly categorised within level 3 of the fair valuation hierarchy. The Group's policy is to recognise transfers in and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 January 2023.

A reconciliation from the opening balance to the closing balance of investment property for recurring fair value measurements categorised within level 3 of the fair value hierarchy, is reflected in the table above.

Valuation processes

The valuations of the properties are performed regularly on the basis of valuation reports prepared by independent and qualified valuers. These reports are based on both:

- information provided by the Group which is derived from the Group's financial systems and is subject to the Group's overall control environment; and
- assumptions and valuation models used by the valuers - the assumptions are typically market related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Executive Officer. This includes a review of fair value movements over the period. When the Chief Executive Officer considers that the valuation report is appropriate, the valuation report is recommended to the Board. The Board considers the valuation report as part of its overall responsibilities.

Valuation techniques

The external valuations of the level 3 property have been performed using the discounted cash flow approach. Each property was valued using the method considered by the external valuers to be the most appropriate valuation method for that type of property; the method, together with the fair value measurements, was approved by the Board as described above.

In the case of the discounted cashflow approach the significant unobservable inputs include a rental rate per square meter (also in respect of comparable properties as described in the case of the sales comparison approach) and a capitalisation rate (applied at 5.2% - 6.5%).

In the case of the façade property, the discounted projected cash flows approach was applied taking into consideration the development plan and projected time frames. The significant unobservable inputs include annualised net cash inflows per square meter (driven by premium market rentable rates), an expected occupancy rate, a capitalisation rate (applied at 5.9%), and development costs (based on high quality finishes).

In the case for the property held for development, the adjusted comparative sales approach was used.

Information about fair value measurements using significant unobservable inputs (level 3)

GROUP

| Description by class | Fair value | Valuation technique | Significant unobservable input | Range of unobservable inputs |
|------------------------------------|---------------|-------------------------------|--------------------------------|------------------------------|
| | €'000 | | | € |
| As at 31 January 2023 | | | | |
| Current use as commercial premises | 78,415 | Discounted cash flow approach | Rental rate per square meter | 53 – 434 |
| Held for future development | 18,000 | Comparative sales approach | Rate per square meter | 1,324 |
| As at 31 January 2022 | | | | |
| Property under development | 54,909 | Discounted cash flow approach | Rental rate per square meter | 70 – 257 |
| Current use as commercial premises | 12,394 | Discounted cash flow approach | Rental rate per square meter | 53 – 434 |
| Held for future development | 11,251 | Comparative sales approach | Rental rate per square meter | 105 – 130 |

In respect of the discounted cash flow approach, the higher the annualised net cash inflows, and growth rate, the higher the fair value. Conversely, the lower the discount rate, the estimated development costs, and capitalisation rate used in calculating the annualised net cash inflows, the higher the fair value.

In view of the limited number of sales of similar properties in the local market, the valuations have been performed using unobservable inputs. The significant unobservable inputs to the sales comparison approach is generally a sales price per square metre related to transactions in comparable properties located in proximity to the company's property, with significant adjustments for differences in the size, age, exact location and condition of the property.

For this valuation approach, the highest and best use of properties which are held for future development differs from their current use. These assets mainly comprise properties which are currently partly used by tenants or which are currently vacant, and which would require development or refurbishment in order to access the maximum potential cash flows that may be generated from the properties' highest and best use.

In the case of the sales comparison approach and the capitalised rentals approach, the higher the sales price per square metre or the rental rate per square metre, the higher the resultant fair valuation. Conversely, the lower the required development cost per square metre or the rental capitalisation rate, the higher the resultant fair valuation.

The following amounts have been recognised in the statements of comprehensive income:

| | Group | | Company | |
|---|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Rental income | 2,543 | 1,128 | 830 | 762 |
| Direct operating expenses arising from rental investment property | (75) | (75) | (15) | (15) |

Direct operating expenses above relate to the amortisation of the right-of-use asset. In addition to the above, the Group and Company have incurred interest costs on the lease liabilities of €181,000 (2022: €182,000) and €34,000 (2022: €35,000) respectively classified under finance costs as disclosed in Note 5.

7. INVESTMENT IN SUBSIDIARIES

| | Company | |
|-------------------------------------|---------|-------|
| | 2023 | 2022 |
| | €'000 | €'000 |
| Year ended 31 January | | |
| Opening and closing net book amount | 520 | 520 |
| At 31 January | | |
| Cost and carrying amount | 520 | 520 |

During the financial year ended 31 January 2018, the Company entered into a promise of sale agreement to acquire the remaining 50% shareholding in Sliema Fort Company Limited from Food Chain Limited (a related party). This agreement is subject to approval by the Lands Authority as landlord of the leasehold property owned by this associate. In terms of the share acquisition agreement, the management and control of this associate is effectively held by the Company and accordingly this investment is being treated as an investment in subsidiary in the books of the Company and consolidated on a line by line basis in the Group accounts. The Company has made an advance payment amounting to €951,000 with respect to this acquisition. This amount is disclosed as an advanced payment under current assets in the statement of financial position.

The principal subsidiaries at 31 January 2023, all of which are unlisted, are disclosed in Note 28 to these financial statements.

8. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|----------------------------------|--------------|--------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Current | | | | |
| Trade receivables | 201 | 91 | 4 | 34 |
| Amounts due from subsidiaries | - | - | 33,125 | 32,450 |
| Amounts due from related parties | 65 | 6 | - | 6 |
| Indirect taxation | 169 | 588 | - | - |
| Advance payments to suppliers | 125 | 141 | - | - |
| Prepayments and accrued income | 606 | 174 | 127 | 125 |
| | 1,166 | 1,000 | 33,256 | 32,615 |

Amounts due from subsidiaries and related parties are unsecured, interest free and are repayable on demand. As of 31 January 2023 and 2022 amounts owed by subsidiaries and related parties were fully performing and hence do not contain impaired assets. The Group and Company's exposure to credit risk relating to trade and other receivables is disclosed in Note 2.

Trade receivables are stated net of provision for impairment of receivables.

| | Group | | Company | |
|--------------------------------|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Provision on trade receivables | 26 | 26 | 26 | 26 |

9. CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, the cash and cash equivalents at the end of the reporting period comprise the following:

| | Group | | Company | |
|--------------------------|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Cash at bank and in hand | 1,329 | 785 | 505 | 597 |

The Group and the Company assessed the impairment for all classes of assets under IFRS 9 and the identified expected loss on cash and cash equivalents to be provided for was not deemed material and thus it was not reflected in the Group's and Company's financial statements.

10. SHARE CAPITAL AND SHARE PREMIUM

| | Company | |
|---------------------------------------|--------------|--------------|
| | 2023 | 2022 |
| | €'000 | €'000 |
| Authorised: | | |
| 50,000,000 ordinary shares of €1 each | 50,000 | 50,000 |
| Issued and fully paid: | | |
| 42,000,003 ordinary shares of €1 each | 42,000 | 42,000 |
| Share premium | 2,833 | 2,833 |

On 12 November 2019, the Company invited its shareholders to subscribe to a rights issue of 12,000,003 at an issue price of €1.25 per share on the basis of 2 shares for every 5 shares held.

As stated in the prospectus, the main intention was to obtain additional funds to primarily finance the Trident Park project. The issue was fully subscribed. The difference between the issue price of €1.25 per share and the nominal value of each share was accounted for in the Share Premium account. The related transaction costs amounting to €167,000 have been netted off against the share premium account.

11. FAIR VALUE GAINS RESERVE

| | Group | |
|--|--------------|--------------|
| | 2023 | 2022 |
| | €'000 | €'000 |
| Non-current assets | | |
| At beginning of year, net of deferred tax | 3,442 | 3,442 |
| Fair value movements on investment property, net of deferred tax | 6,074 | - |
| At 31 January | 9,516 | 3,442 |
| | Company | |
| | 2023 | 2022 |
| | €'000 | €'000 |
| Non-current assets | | |
| At beginning of the year, net of deferred tax | 1,472 | 1,472 |
| Fair value movements on investment property, net of deferred tax | 6,074 | - |
| At 31 January | 7,546 | 1,472 |

The fair value gains reserve was created on the fair valuation of the Group's and Company's investment property and property classified as held for sale. Related deferred tax was debited to this reserve.

This reserve is a non-distributable reserve.

12. DEFERRED TAXATION

Deferred taxes are calculated on all temporary differences under the liability method and are measured 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 (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2022: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property, that is, a tax effect of 10% (2022: 10%) of the transfer value.

The movement in the deferred tax account is as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| At the beginning of the year | (2,073) | (2,245) | (2,098) | (2,098) |
| Deferred tax on temporary differences arising on: | | | | |
| Recognised directly in profit or loss | (631) | 172 | (675) | - |
| At end of year | (2,704) | (2,073) | (2,773) | (2,098) |

Deferred income tax assets and liabilities are offset when the taxes concerned relate to the same fiscal authority. The following amounts are disclosed in the statement of financial position as follows:

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Deferred tax assets | 336 | 292 | - | - |
| Deferred tax liabilities | (3,040) | (2,365) | (2,773) | (2,098) |
| | (2,704) | (2,073) | (2,773) | (2,098) |

The balances at 31 January 2023 and 2022 represent temporary differences on:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Fair value movements of investment property | (3,040) | (2,365) | (2,773) | (2,098) |
| Unutilised tax losses | 336 | 292 | - | - |
| Unutilised capital allowances | 968 | - | - | - |
| Temporary differences on non current assets | (968) | - | - | - |
| | (2,704) | (2,073) | (2,773) | (2,098) |

13. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Non-current | | | | |
| Other payables | 692 | 696 | - | - |
| Retentions payable | - | 1,849 | - | - |
| | 692 | 2,545 | - | - |
| Current | | | | |
| Trade payables | 682 | 1,812 | 26 | 42 |
| Amounts owed to subsidiaries | - | - | 2,223 | 2,017 |
| Amounts owed to related parties | 41 | 34 | 21 | - |
| Indirect taxes and social security | 104 | 80 | 97 | 81 |
| Other payables | 52 | 28 | - | - |
| Retentions payable | 3,673 | 1,233 | - | - |
| Accruals and deferred income | 4,536 | 2,443 | 323 | 311 |
| | 9,088 | 5,630 | 2,690 | 2,451 |
| Total trade and other payables | 9,780 | 8,175 | 2,690 | 2,451 |

Amounts owed to subsidiaries and related parties are unsecured, interest free and are repayable on demand. Other payables amounting to €692,000 (2022: €696,000) represent security deposits paid by tenants which will be refunded upon termination of lease agreement.

The Group and Company's exposure to liquidity risk relating to trade and other payables is disclosed in Note 2.

14. PROVISION FOR LIABILITIES AND CHARGES

| | Group | | Company | |
|---------------------------------------|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Non-current | | | | |
| Provision for liabilities and charges | 1,299 | - | - | - |

Provision for liabilities and charges amounting to €1.3million (2022: nil) relates to potential refund of initially recovered fiscal costs on capital expenditure incurred on office space within the Trident Park project that is expected to be leased out to entities that are not registered under article 10 of the VAT Act.

15 . BORROWINGS

| | Group | | Company | |
|-------------------------|---------------|---------------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Non-current | | | | |
| Bank loan | 23,701 | 16,771 | - | - |
| Current | | | | |
| Bank loan | 1,536 | - | - | - |
| Total borrowings | 25,237 | 16,771 | - | - |

The Group secured long-term borrowings from a third party bank during the prior year to finance the Trident Park project. The balance of the loan as at 31 January 2023 is €25,237,000 (2022: €16,771,000).

The Group's banking facilities as at 31 January 2023 amounted to €28,500,000 (2022: €28,500,000). As at year end, the Group has an unutilised banking facility in relation to the Trident Park project amounting to €3,262,000 (2022: €11,729,000).

The banking facilities have been granted to the Company's subsidiary, Trident Park Ltd, and are secured by a general hypothec over its assets, a special hypothec over its property, a pledge over its insurance policies together with an (unsupported) guarantee from its parent company.

The interest rate exposure of the borrowings of the Group was as follows:

| | Group | | Company | |
|------------------|--------|--------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| At variable rate | 25,237 | 16,771 | - | - |

The weighted average effective interest rate at the end of the reporting period on the Group's bank loan's was 3.4% (2022: 2.95%).

This note provides information about the contractual terms of the Group's and the Company's borrowings. For more information about the Group's and the Company's exposure to interest rate and liquidity risk, refer to Note 2.

Maturity of non-current bank borrowings:

| | Group | | Company | |
|-----------------------|---------------|---------------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Between 1 and 2 years | 1,471 | 1,838 | - | - |
| Between 2 and 5 years | 5,882 | 5,882 | - | - |
| Over 5 years | 16,348 | 9,051 | - | - |
| | 23,701 | 16,771 | - | - |

16. REVENUE

All the Group and Company's revenue, which arises solely in Malta, is derived from rents receivable on properties rented out.

| | Group | | Company | |
|---------------|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Rental income | 2,354 | 1,128 | 830 | 762 |

17. EXPENSES BY NATURE

| | Group | | Company | |
|--|--------------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Depreciation of property, plant and equipment (Note 4) | 18 | 15 | 16 | 15 |
| Amortisation charge of right-of-use assets | 75 | 75 | 15 | 15 |
| Directors remuneration (Note 19) | 197 | 197 | 30 | 30 |
| Employee benefit expense (Note 18) | 240 | 249 | 44 | 50 |
| Water and electricity consumption | 155 | - | - | - |
| Other expenses | 456 | 269 | 194 | 132 |
| Net direct and administrative expenses | 1,141 | 805 | 299 | 242 |

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 January 2023 and 2022 relate to the following:

| | Group | |
|--------------------------------------|-----------|-----------|
| | 2023 | 2022 |
| | €'000 | €'000 |
| Annual statutory audit | 45 | 38 |
| Tax advisory and compliance services | 7 | 6 |
| Other assurance services | 4 | 4 |
| | 56 | 48 |

Other non-assurance services amounting to €15,000 (2022: nil) have been charged to the Group by separate affiliated entities of the audit firm.

18. EMPLOYEE BENEFIT EXPENSE

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Wages and salaries | 425 | 443 | 425 | 443 |
| Social security costs | 16 | 15 | 16 | 15 |
| | 441 | 458 | 441 | 458 |
| Recharged from related parties | 113 | 100 | - | - |
| Recharged to subsidiary | - | - | (397) | (408) |
| | 554 | 558 | 44 | 50 |
| Classified under: | | | | |
| Statement of comprehensive income – Operating and administrative expenses | 240 | 249 | 44 | 50 |
| Statement of financial position – Investment property | 314 | 309 | - | - |
| | 554 | 558 | 44 | 50 |

The average number of full time employees employed/recharged during the year.

| | Group | | Company | |
|----------------|-------|------|---------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Administration | 8 | 10 | 8 | 10 |

During the year, payroll expenses of €314,000 (2022: €309,000) were capitalised within investment property (Note 6).

19. DIRECTORS' REMUNERATION

| | Group | | Company | |
|------------------------------|------------|------------|-----------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Directors' remuneration paid | 197 | 197 | 197 | 197 |
| Recharged to subsidiary | - | - | (167) | (167) |
| | 197 | 197 | 30 | 30 |

20. FINANCE COSTS

| | Group | | Company | |
|------------------------------------|------------|------------|-----------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Interest charge on lease liability | 181 | 182 | 34 | 35 |
| Interest on bank borrowings | 349 | - | - | - |
| Total finance costs | 530 | 182 | 34 | 35 |

During the current financial year, finance costs of €436,000 (2022: €523,000) were capitalised as part of Investment Property (Note 6).

21. TAX EXPENSE

| | Group | | Company | |
|---------------------|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Current tax expense | 281 | 250 | 213 | 191 |
| Deferred taxation | 631 | (172) | 675 | - |
| | 912 | 78 | 888 | 191 |

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

| | Group | | Company | |
|--|------------|-----------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Profit before tax | 7,486 | 141 | 7,246 | 485 |
| Tax on profit at 35% | 2,620 | 49 | 2,536 | 170 |
| Tax effect of: | | | | |
| Expenses not allowable for tax purposes | 150 | 109 | 113 | 90 |
| Maintenance allowance on rental income | (62) | (55) | (48) | (44) |
| Income taxed at reduced rates | (102) | (25) | (26) | (25) |
| Tax rules applicable to immovable property | (1,686) | - | (1,687) | - |
| Unrecognised deferred tax in prior year | (8) | - | - | - |
| Tax expense | 912 | 78 | 888 | 197 |

22. CASH GENERATED FROM OPERATIONS

Reconciliation of operating profit to cash generated from operations:

| | Group | | Company | |
|---|--------------|------------|------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Operating profit | 1,267 | 323 | 531 | 520 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 18 | 15 | 16 | 15 |
| Amortisation charge of right-of-use asset | 75 | 75 | 15 | 15 |
| Changes in working capital: | | | | |
| Trade and other receivables | 244 | (454) | (641) | 293 |
| Trade and other payables | 220 | 594 | 239 | 247 |
| Cash generated from operations | 1,824 | 553 | 160 | 1,090 |

23. EARNINGS PER SHARE

Earnings per share is based on the profit for the financial year attributable to the shareholders of Trident Estates plc divided by the weighted average number of ordinary shares in issue during the year and ranking for dividend.

| | Group | |
|---|---------------|---------------|
| | 2023 | 2022 |
| Profit from operations excluding fair value movements (€'000) | 500 | 63 |
| Profit from fair value movements (€'000) | 6,074 | - |
| Profit attributable to shareholders (€'000) | 6,574 | 63 |
| Weighted average number of ordinary shares in issue (thousands) | 42,000 | 42,000 |
| Earnings per share attributable to profits excluding fair value movements | €0.012 | €0.002 |
| Earnings per share attributable to fair value movements | €0.145 | - |
| Earnings per share for the year attributable to shareholders | €0.157 | €0.002 |

Basic and diluted EPS equates to the same amount as there are no potentially diluted shares in issue.

24. COMMITMENTS

Capital commitments

Commitments for capital expenditure related to investment property not provided for in these financial statements are as follows:

| | Group | | Company | |
|-------------------------------|-------|--------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Authorised and contracted | 505 | 10,414 | - | - |
| Authorised but not contracted | - | 1,454 | - | - |

Operating lease commitments – where Group and Company are a lessor

These leases principally relate to property rentals. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

| | Group | | Company | |
|-----------------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Not later than 1 year | 2,253 | 1,520 | 783 | 720 |
| Between 1 and 2 years | 2,010 | 1,569 | 582 | 630 |
| Between 2 and 5 years | 3,011 | 3,497 | 453 | 900 |
| Later than 5 years | 1,739 | 1,775 | 239 | 375 |
| | 9,013 | 8,361 | 2,057 | 2,625 |

25. DIVIDENDS

The Board of Directors did not declare an interim dividend during the year and in view of the view of the current stage of the finalisation of the Trident Park project and the build-up of rental revenue streams therefrom, do not believe that it would be appropriate or prudent to recommend the declaration of a final dividend to the forthcoming Annual General Meeting of the Company.

26. RELATED PARTY TRANSACTIONS

The following companies (and their respective subsidiaries and jointly-controlled entities) are considered to be related parties by virtue of their shareholding in the Company:

| | Percentage of shares held | |
|------------------------------|---------------------------|-------|
| | 2023 | 2022 |
| | % | % |
| Farrugia Investments Limited | 24.93 | 24.93 |
| M.S.M. Investments Limited | 25.06 | 25.06 |
| Sciclunas Estates Limited | 24.89 | 24.89 |

The remaining 25.12% of the shares are widely held. The shareholdings of the above-mentioned companies remain the same despite the rights issue which took place during the year.

The directors make particular reference to the fact that Simonds Farsons Cisk plc and its subsidiaries are considered to be related parties due to common directors and the common shareholding.

The following operational transactions were carried out with related parties:

| | Group | | Company | |
|---|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | €'000 | €'000 | €'000 | €'000 |
| Income from goods and services | | | | |
| <i>From subsidiaries</i> | | | | |
| - Management fee | - | - | - | 647 |
| <i>From related parties</i> | | | | |
| - Rental income | 901 | 745 | 703 | 637 |
| Expenditure for goods and services | | | | |
| <i>From parent and related parties</i> | | | | |
| - Recharged payroll expenses | 113 | 89 | - | - |

Key management personnel compensation for 2023 and 2022, consisting of directors' and senior management remuneration, is disclosed as follows:

| | Group | |
|-------------------|-------|-------|
| | 2023 | 2022 |
| | €'000 | €'000 |
| Directors | 197 | 197 |
| Senior Management | 316 | 313 |
| | 513 | 510 |

Amounts due from/to fellow subsidiaries, are disclosed in Notes 8 and 13 of these financial statements

27. STATUTORY INFORMATION

Trident Estates plc is a public limited liability company incorporated in Malta.

28. SUBSIDIARIES

The principal subsidiaries at 31 January 2023 and 2022 are shown below:

| | Registered office | Principal activities | Percentage of shares held | |
|----------------------------------|--|----------------------------------|---------------------------|------|
| | | | 2023 | 2022 |
| | | | % | % |
| Mensija Catering Company Limited | Trident Park Notabile Gardens, No. 4 Level 2, Mdina Road, Zone 2, Central Business District, Birkirkara | Property leasing | 100 | 100 |
| Neptune Properties Limited | Trident Park Notabile Gardens, No. 4 Level 2, Mdina Road, Zone 2, Central Business District, Birkirkara | Non-operating | 100 | 100 |
| Trident Park Limited | Trident Park Notabile Gardens, No. 4 Level 2, Mdina Road, Zone 2, Central Business District, Birkirkara | Property development and leasing | 100 | 100 |
| Sliema Fort Company Limited | Trident Park Notabile Gardens, No. 4 Level 2, Mdina Road, Zone 2, Central Business District, Birkirkara | Property leasing | 50 | 50 |

29. COMPARATIVE INFORMATION

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

SHAREHOLDER INFORMATION

Directors' interests in the share capital of the company

| | Ordinary shares held as at 31 January 2023 | Ordinary shares held as at 30 April 2023 |
|---------------------------------------|--|--|
| Mr Louis A. Farrugia | 42,313 | 42,313 |
| Mr Michael Farrugia | 7,773 | 7,773 |
| Prof. Avv. Alberto Stagno d'Alcontres | 801 | 801 |

Directors' interests listed above are inclusive of shares held in the name of the relative spouse and minor children as applicable.

Prof. Avv. Alberto Stagno d'Alcontres has a beneficial interest in M.S.M. Investments Limited through Miceli Holdings Limited and Medsea Investments Limited. Mr Alberto Miceli Farrugia has a beneficial interest in M.S.M. Investments Limited through Bolina Holdings Limited and Miceli Holdings Limited.

Mr Louis A. Farrugia has beneficial interest in Farrugia Investments Limited directly and through Farrugia Holdings Limited. Mr Michael Farrugia has beneficial interest in Farrugia Investments Limited through Farrugia Holdings Limited.

Marquis Marcus John Scicluna Marshall has a direct beneficial interest in Sciclunas Estates Limited.

There has been no movement in the above stated shareholdings during the period from 31 January 2023 to 30 April 2023.

Shareholders holding 5% or more of the equity share capital as at 30 April 2023

Ordinary shares

| | Number of shares | Percentage holding |
|------------------------------|------------------|--------------------|
| M.S.M. Investments Limited | 10,523,255 | 25.06% |
| Farrugia Investments Limited | 10,471,062 | 24.93% |
| Sciclunas Estates Limited | 10,453,489 | 24.89% |

Shareholding details

As at 30 April 2023, the company's issued share capital was held by the following shareholders:

| | Number of shareholders |
|-------------------------------|------------------------|
| Ordinary shares at €1.00 each | 1,708 |

The holders of the Ordinary shares have equal voting rights.

Number of shareholders as at 30 April 2023

| | Number of shareholders | Number of shares | Percentage holding |
|-------------------------------|------------------------|------------------|--------------------|
| Ordinary shares of €1.00 each | | | |
| Up to 500 shares | 521 | 121,806 | 0.29% |
| 501 – 1,000 | 286 | 211,664 | 0.50% |
| 1,001 – 5,000 | 622 | 1,410,422 | 3.36% |
| More than 5,000 | 279 | 40,256,111 | 95.85% |
| Totals | 1,708 | 42,000,003 | 100.00% |

Nadine Magro

Company Secretary

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INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF TRIDENT ESTATES PLC

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the “financial statements”) of Trident Estates plc give a true and fair view of the Group and the Parent Company’s financial position as at 31 January 2023, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (‘IFRSs’) as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Trident Estates plc’s financial statements comprise:

- the Consolidated and Parent Company statements of financial position as at 31 January 2023;
- the Consolidated and Parent Company statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the parent company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the parent company and its subsidiaries, in the period from 1 February 2022 to 31 January 2023, are disclosed in Note 17 to the financial statements.

Our audit approach

Overview



- Overall Group materiality: €509,000, which represents approximately 0.5% of Total Assets
- The Group is composed of 5 reporting units all located in Malta.
- The Group engagement team carried out the audit of the financial statements of the Parent Company as well as the audit of the financial statements of all the subsidiaries of the Company.
- Valuation of Investment property for Key Group and Company

INDEPENDENT AUDITOR'S REPORT – CONTINUED

TO THE SHAREHOLDERS OF TRIDENT ESTATES PLC



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

| | |
|--|--|
| Overall Group materiality | €509,000 |
| How we determined it | Approximately 0.5% of total assets |
| Rationale for the materiality benchmark applied | We chose total assets as the benchmark because, in our view, it is the benchmark against which the underlying value of real estate companies is most commonly measured by users and is a generally accepted benchmark. We chose 0.5% which is within the range of asset-based materiality thresholds that we consider appropriate. |

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €48,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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.

| Key audit matter | How our audit addressed the Key audit matter |
|---|--|
| Valuation of Investment property for Group and Company <p>The Group's and Company's investment property portfolio has a carrying amount of €96.5 million and €27.7 million respectively as at 31 January 2023. This year's valuation assessment was performed by management, who also based its valuation conclusions on the third-party valuers' reports issued for 2021.</p> <p>The valuation of the Group's and Company's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and, where applicable, the expected future rentals for that particular investment property. For investment property developed, factors taken into account include projected costs to completion, timing thereof and expected rental income.</p> <p>As disclosed in note 6 to the financial statements, the valuations have been performed using the discounted cashflow approach or comparative sales approach, depending on the nature of the property.</p> | <p>We evaluated the methodology adopted in the valuations and the competence of the third-party valuers engaged in 2021, which included due consideration of their qualifications and expertise. We discussed with management, the valuation approaches adopted, the key valuation assumptions and other judgements made in arriving at their conclusions with respect to the property valuations.</p> <p>We reviewed the valuation approaches adopted and underlying assumptions applied in the property valuations in order to assess the reasonableness of the fair value assigned to the properties. We engaged our own in-house experts to review the discounted cash flow valuations.</p> <p>We reviewed the key parameters adopted by the Group/Company in these valuations including reconciling this data to underlying current lease agreements and compared the key parameters to those provided to the third-party valuers engaged in 2021.</p> <p>For investment property where development is now substantially complete, we analysed costs incurred to date with related supporting documentation and assessed that the carrying value as at year end is supported by the projected cash flows to the completion of the said development.</p> |

INDEPENDENT AUDITOR'S REPORT – CONTINUED

TO THE SHAREHOLDERS OF TRIDENT ESTATES PLC



| Key audit matter | How our audit addressed the Key audit matter |
|--|---|
| <p>The board of directors considered the valuation report as part of its overall responsibilities. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warrants specific audit focus in this area.</p> | <p>We discussed the valuations with the directors and concluded, based on our work, that the Group's and Company's property valuations were within an acceptable range of values.</p> <p>In addition, we evaluated the adequacy of the disclosures in Note 6 to the financial statements, including those regarding the key valuation assumptions applied in the property valuations. We discussed with management and obtained sufficient appropriate audit evidence to demonstrate that management's assessment of the suitability of the inclusion of the valuation in the statement of financial position and disclosures made in the financial statements was appropriate.</p> |

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises all of the other information in the Annual Financial Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT – CONTINUED

TO THE SHAREHOLDERS OF TRIDENT ESTATES PLC



Auditor's responsibilities for the audit of the financial statements

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

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

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

We communicate with 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 – CONTINUED

TO THE SHAREHOLDERS OF TRIDENT ESTATES PLC



Report on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Annual Financial Report of Trident Estates plc for the year ended 31 January 2023, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Annual Financial Report for the year ended 31 January 2023 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other reporting requirements

The Annual Financial Report 2023 contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the Other information section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

| Area of the Annual Financial Report 2023 and the related Directors' responsibilities | Our responsibilities | Our reporting |
|---|--|---|
| Directors' report The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act. | <p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p> | <p>In our opinion:</p> <ul style="list-style-type: none">• the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and• the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the Other information section.</p> |

INDEPENDENT AUDITOR'S REPORT – CONTINUED

TO THE SHAREHOLDERS OF TRIDENT ESTATES PLC



| Area of the Annual Financial Report and Financial Statements 2022 and the related Directors' responsibilities | Our responsibilities | Our reporting |
|---|--|--|
| <p>Corporate Governance Statement</p> <p>The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.</p> | <p>We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements.</p> <p>We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97.</p> <p>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 corporate governance procedures or its risk and control procedures.</p> | <p>In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.</p> <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p> |
| <p>Remuneration report</p> <p>The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.</p> | <p>We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.</p> | <p>In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.</p> |
| | <p>Other matters on which we are required to report by exception</p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. the financial statements are not in agreement with the accounting records and returns. we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. <p>We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.</p> | <p>We have nothing to report to you in respect of these responsibilities.</p> |

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 25 October 2000. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 22 years. The Company became listed on a regulated market on 30 January 2018.

PricewaterhouseCoopers

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David Valenzia

Partner
19 May 2023

