## ANNEX 9

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR ATTENTION. If you need any explanations and / or clarifications on this Admission Document you should consult an independent financial adviser who holds a license to provide investment advice by the SEC if you're taking advice in Cyprus (or other suitably qualified independent financial advisor if you're outside Cyprus). Especially for some important factors to be considered in relation to securities of the Company, refer to Paragraph 5 - "Risk Factors".

.....

# **BH HIGH CROSS PUBLIC LTD**

.....

#### APPLICATION FOR ADMISSION TO NON-REGULATED MARKET OF THE CSE EMERGING COMPANIES MARKET (E.C.M)

#### LISTING OF TITLES ON THE EMERGING COMPANIES MARKET, A NON REGULATED MARKET OF THE CYPRUS STOCK EXCHANGE, THROUGH PLACEMENT OF SECURITIES WHICH HAVE ALREADY BEEN ISSUED AND ALLOCATED PRIOR TO THE PUBLIC ANNOUNCEMENT OF THE STOCK EXCHANGE FOR LISTING.

#### ADMISSION OF 4.577.508 EXISTING SHARES OF NOMINAL PRICE OF €1,00 PER SHARE

The Securities and Exchange Commission has not examined or approved the contents of this Admission Document (for cases that do not require the publication of the Prospectus).

The Issuer undertakes full responsibility for the information contained in this Admission Document and certifies that the information contained therein is consistent with the facts and contains no omission likely to affect its contents. The Directors collectively and individually accept full responsibility for the accuracy and correctness of the information and data contained in this Admission Document and ensure that there are no other essential facts, the omission of which would make any statement contained in this document misleading in any material respect.

Throughout the course of processing the application for admission to the CSE, Nominated Advisor/ Underwriter is Mega Equity Securities & Financial Services Public Ltd.

The Nominated Advisor is properly licensed by the CSE and its role is to assist a nonregulated market Issuer to meet its obligations under the institutional framework governing the operation and participation in an unregulated market, hence the Nominated Advisor is liable to the Company and the Cyprus Stock Exchange. **WARNING:** This document is NOT A PUBLIC OFFER and is not intended to raise capital. The securities of the companies in the E.C.M are not listed in the regulated markets of the CSE. The Admission Document applies to the unregulated Emerging Companies Market of the CSE which is considered as Multilateral Trading Facility. The information that is published at the time of listing and after is less than the information published in regulated markets. Potential investors should be aware of the risks on investment in these companies and should decide to invest in them only after careful consideration of this Admission Document and if possible independent financial advice should be taken.

Specifically, and in compliance with relevant securities laws of the following countries, this private placement is not addressed in any way or form (written or otherwise), directly or indirectly, to or within the United States, Canada, Australia, South Africa or Japan or any other country ("the Excluded Territories"), in which according to its laws, the conduct of this private placement or the mailing / distribution of this Admission Document is illegal or violates any law, rule or regulation. For this reason, it is prohibited to transmit, distribute, post or otherwise promote copies of this Admission Document and any promotional and related to this private placement document or other material of any person to or from the Excluded Countries and buy shares from persons of the Excluded Territories.

Copies of this Admission Document will be available free to the public during normal business hours at the offices of BH HIGH CROSS PUBLIC LTD (the "Company") 365 Agiou Andreou street, Efstathiou Court, Office 201, 3035, Limassol, Cyprus for a period of one month from the date of issue of the Admission Document.

#### **Forward-Looking statements**

This Admission document includes forward looking statements regarding the Company's plans, outlook, strategies and results for the future.

All forward looking statements are based on the judgments derived from the information available to the Company at the time of preparation of this Admission document.

Forward looking statements can sometimes be identified by the use of forward looking words such as "may", "believe", "will", "expect", "project", "estimate", "should", "anticipate", "plan", "continue", "seek" "potential", " target", " forecast", or "intend" or other similar words or expressions of the negative thereof.

The forward-looking statements appear in a number of places throughout this Admission Document and include statements regarding the Company's intentions, beliefs, or current expectations concerning among other things, results of operations, financial condition, liquidity prospects, growth, strategies and the industry in which the Company operates.

By their nature, forward looking statements involve risk and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

The Company believes that these risks and uncertainties include, but are not limited to, those described in the "Risks factors" section of this Admission Document. These factors should not be construed as exhaustive and should be read with the other cautionary statements in the Admission Document.

Additionally, there may be additional risks of which the board is not aware or believes to be immaterial which may, in the future, adversely affect the Company's business and the market price of the shares.

Furthermore, before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult a professional adviser prior to any form of investments in the issuer.

The risk factors included below may have material adverse effect on the market value of the shares and on the Issuer's ability to repay in full its obligations.

# TABLE OF CONTENTS

# Page

1	KEY SHARE CAPITAL INFORMATION	5
2	KEY FINANCIAL FIGURES	7
3	MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS	9
4	BUSINESS OPERATIONS OF THE ISSUER	10
5	<b>BUSINESS STRATEGY &amp; FINACIAL PROJECTIONS</b>	13
6	RISK FACTORS	27
7	CHANGES IN SHARE CAPITAL AND DISPERSION	34
8	BOARD OF DIRECTORS AND MANAGEMENT	39
9	AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS	41
10	DIVIDEND POLICY	<b>8</b> 4
11	ΤΑΧΑΤΙΟΝ	<b>8</b> 5
12	OTHER INFORMATION ABOUT THE COMPANY	<b>8</b> 7

# 1.KEY INFORMATION OF THE SHARE CAPITAL TO BE ADMITTED ON THE EMERGING COMPANIES MARKET (E.C.M.) OF THE CYPRUS STOCK EXCHANGE

Company name ('the Company")	BH HIGH CROSS PUBLIC LTD
Incorporation date	22.9.2021
Registration number	HE425906
Legal Entity Identifier (LEI)	984500DC9EA4C5K06661
ISIN Code	CY0200772214
Trading code on the CSE	BHHC (English) .BHHK (Greek)
Number of shares to be admitted on the CSE	4.577.508 shares of nominal value €1.00 each
Nominal Value per share	€1.00 each
Authorized share capital (number of shares and €)	4.577.508 shares of nominal value €1,00 each - €4.577.508
Issued share capital (number of shares and €)	4.577.508 shares of nominal value €1,00 each - €4.577.508
Admission/Listing Price	€1,00
Expected market capitalization based on the admission price	€ 4.577.508
Book value per share 31.12.2023	€0,975
Profit before taxation 2023 per share	n/a
Profit after tax 2023 per share	n/a
Issue Price to Book value per share (P/BV)	1.02 X
Issue Price to earnings per share (P / E)	n/a

# General information of the titles to be admitted on the CSE

## Admission price per share

The admission price per share, set at  $\leq 1,00$ , was based solely on the book value (BVPS) of the Company as at 31.12.2023 being  $\leq 0,975$ . The setting of the admission price is the sole responsibility of the issuer's Board of Directors.

Considering that at the time of listing, the risk of the Company successfully implementing its business development plan is clear and present, the admission price is based on the Company's net asset value (book value) at the closing balance sheet as at 31.12.2023 which stood at €0,975 per share. The listing price, which is based on the Company's book value as at 31.12.2023, has been rounded-up to €1,00, the Nominal Value per share. The issued share capital corresponds to the nominal value of €1,00 the minimum price permitted as per the Cyprus Companies law. The Issuer's legal advisor verifies that the issue aligns with the Cyprus Companies law. The decrease in book value per share (€0,975) of the Company from the nominal value per share (€1,00) is due to the project's initial development costs (notes 8 & 9 of the 2023 Financial Statements)

The book value per share was calculated based on the Company's current number of shares (4.577.508 shares) and its book value on 31.12.2023 ( $\notin 4.461.746$ ).

# 2.KEY FINANCIAL FIGURES

The following figures are extracted from the audited financial statements of the Issuer and verified by the Issuer's external auditors Kreston Ioannou & Theodoulou Ltd

The issuer's audited financial statements are available as a reference on the Company's website: https://www.bh-highcross.cy.

## Income statement

	2023 (€)	2022 (€)
Revenue	0	0
Administration expenses	(49.027)	(35.014)
Operating Profit/(Loss)	(49.027)	(35.014)
Net finance Costs	(1.669	(666)
Profit/Loss before Tax	(50.696)	(35.680)
Tax	0	0
Net Profit/Loss for the Year	(50.696)	(35.680)

#### **Balance sheet**

	2023 (€)	2022 (€)
Non-current assets:		
Investment properties	4.051.998	3.833.035
Current assets:		
Trade & other receivables	721.830	711.608
Cash at bank and in hand	54.549	6.707
Total Assets	4.828.377	4.551.350
Equity		
Share Capital	4.577.508	1,000
Other reserves	0	4.576.508
Accumulated gains (losses)	(115.762)	(65.066)
Total equity	4.461.746	4.512.442
Current liabilities:		
Trade & other payables	366.631	38.908
Total equity & liabilities	4.828.377	4.551.350

# **Cash flow statement**

	2023 (€)	2022 (€)
Cash flows from operating activities	(50.696)	(35.680)
Changes in working capital	(317.501)	(41.291)
Cash generated from operations	5.611	5.611
Cash flows from financing activities	0	0
Cash and cash equivalents at the end of the year	54.549	6.707

## Explanations to the financial figures:

The Issuer operates solely in the Cypriot market.

<u>Revenues</u>. As of December 2022, BH HIGH CROSS PUBLIC LTD has not recorded any revenues because the Company's project did not start operations as of that date.

<u>Administration & other expenses</u>: it is comprising of €46.718 (2022: €31.196) professional fees for the preparation and administration of the Company's business development plan.

<u>Investment property:</u> it is comprising of land for commercial development, held for longterm rental yields and/or for capital appreciation. The amount of  $\in$ 3.833.035 is comprising of  $\in$ 3.700.000 land value in Agios Athanasios, Limassol and of  $\in$ 351.998 architect, project, engineering, and sundry capitalized expenses.

<u>Trade & other receivables:</u> it is comprising of €720.830 refundable Value added Tax (VAT).

<u>Trade & other payables:</u> it is comprising of €365.332 amounts payable to related parties, and of €1.299 amounts as other accruals.

# **3.MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS**

# **BOARD OF DIRECTORS**

Stefanos Kashiouris – Chairman and Executive Director Markos Kashiouris - Non-executive Director Dimitrios Hatzis – Non-executive Director Neoklis Nicolaou– Non-executive Director

#### NOMINATED ADVISOR

Mega Equity Securities & Financial Services Public Ltd

## SECRETARY

Stelmaco Ltd 365 Agiou Andreou Street Efstathiou Court, 2nd floor, Flat/Office 201 3035 Limassol Cyprus

#### BANKERS

The Issuer maintains a bank account with: AstroBank Ltd

## AUDITORS

Kreston Ioannou & Theodoulou Ltd Certified Public Accountants and Registered Auditors 4 Pindou Street, Engomi 2409, Nicosia

#### LEGAL ADVISERS

S Stylianou & Co LLC 365 Agiou Andreou Str., Efstathiou Court, 2nd Floor, Office 201, 3035 Limassol, Cyprus. www.sscollc.com | info@sscollc.com

## **REGISTERED OFFICE**

365 Agiou Andreou Str., Efstathiou Court, 2nd Floor, Office 201, 3035 Limassol, Cyprus

**TEL**: <u>+357 25258600</u>

## **CONTACT PERSON:**

Afxentis Axentiou.

EMAIL: info@bh-highcross.cy

WEBSITE: https://www.bh-highcross.cy

# **4.BUSINESS OPERATIONS OF THE ISSUER**

#### History

The Company was incorporated on 22 September 2021 with the name BH High Cross Ltd, under the registration number HE425906, as a private limited liability under the provisions of the Cyprus Companies Law, Cap.113.

On 19.10.2021 the Company purchased the whole share of a property located in Limassol, Municipality of Ayios Athanasios with registration number 0/9854, plan 2-205-341, part 1, plot 125. The total purchase price of the property was  $\in$ 3.700.000 (three million seven hundred thousand euros) plus  $\in$ 703.000 (seven hundred and there thousand euros) Value Added Tax (VAT). The purchase price including VAT totaled  $\in$ 4.403.000 (four million four hundred and three thousand euros).

The Company's management has prepared a business development plan which focuses on the construction of the "Triangle", a commercial building to be located in the purchased property in Limassol, Municipality of Ayios Athanasios Cyprus.

On 23.10.2023 the Issuer was converted from a private limited liability company into a public limited liability company.

On 23.10.2023 the Issuer was renamed to BH High Cross Public Ltd.

On 23.10.2023 the Board of Directors of the Company decided to list its already issued ordinary shares on the Emerging Companies Market (E.C.M) of the Cyprus Stock Exchange.

The company is ready to list its shares into the Emerging Companies Market (ECM) of the CSE for extensive credibility, transparency, and status under the umbrella of the Cyprus Stock Exchange.

## Company's land

Geographically, the Company focuses in the real estate sector in Cyprus.

Currently, the Company has a 100% ownership interest in the following land asset where the commercial building "The Triangle" will be developed with a total area of 3.650 square meters as presented in the Business Development section of this Admission Document.

Asset ownership:

Plan	Plan Registration Number		Squared Meters (m <sup>2</sup> )		
2-205-341	0/9854	125	3.650		

Architecture-urban planning:

Highest construction coverage factor:	100%
Highest building factor:	50%
Maximum number of floors:	3
Maximum floor height:	13,50/11,30
Zone:	Building plot

The above plot of land which is located on Agios Athanasios, Papaoures 02, Limassol, Cyprus is one of the prized area street in Limassol, surrounded by modern office complexes commercial buildings, parking areas as well as other commercial real estate which includes several categories, such as retailers of all kinds, office spaces, strip malls, restaurants, and healthcare facilities classifying the area as upper class business and student center, providing state-of-the-art facilities and services for locals and foreigners.

The land is very close to one of the main road avenues for ease access to all Cypriot cities and to the city center with direct access to banking and other business services.

The market value of the land plot was appraised on 18th of May 2022 at €3.570.000 (three million, five hundred and seventy thousand) based on the Comparison Method of Valuation by the independent professional land valuers Virginia Lazarou & Associates Property Valuers and Consultants.

#### Group structure

The Issuer is not part of any group of companies.

#### Activities and operations

As at the date of this Admission Document, the principal business activities of the Company are:

- (a) holding of investment property and
- (b) Leasing of its real estate

The Company's current business strategy is real estate investment activities in the private market, that is, investing directly in property assets, letting, or selling of business premises for commercial purposes and letting or selling of residential units to occupiers.

The Company's investment property is principally held for long term rental income return and/or for capital appreciation. The primary target of its investment strategy is to derive interest compounding rental income on an annual basis.

With years of expertise in housing estate, the Company's management strives to develop residential and commercial properties which are attuned to the demands of consumers, principally in the Limassol area and surrounding vicinities, with emphasis on locations with great potential in all aspects, including travel convenience and transportation routes.

#### The market of private real estate

Private real estate is widely considered a less efficient market.

The Company's management expertise allows for the required knowledge, information and understanding of the market to earn high returns.

Commercial real estate properties (i.e..office, industrial, warehouse and retail properties) are internationally considered by far the largest area of income-producing property investments. The structure of leases between the owner and tenants are giving equity

real estate investment a bond-like characteristics because the tenant has a legal agreement to make periodic payments to the owner.

The real estate private market is a management intensive business earning income on the property through letting, leasing, or renting the property. Real estate price appreciation (capital appreciation) also contributes to an investor's total return. Investors may expect both rents and real estate prices to rise in an inflationary environment providing in fact investors with an inflationary hedge. In addition, investors may anticipate diversification benefits since private real estate performance has not typically been highly correlated with the performance of other asset classes, such as, shares, bonds, or money markets.

Although real estate leases offer bond-like income streams, the income expected when leases renew can be quite uncertain and also depend on market conditions at that time and in general are exposed to certain risks (see paragraph 6)

# **5.BUSINESS STRATEGY – THE TRIANGLE PROJECT**

The Company's current business development plan focuses on the construction of the "Triangle", a commercial building located in Limassol, Cyprus on land owned by the Company.

The primary purpose of the listing on the Cyprus Stock Exchange (CSE) a recognized EU stock exchange is to improve investor transparency and share liquidity. Secondary, being a listed company on a recognised stock exchange will facilitate the Company's future capital raising needs.

The successful implementation of this value-oriented business development plan is expected to improve significantly the shareholder's value.

The Company's business development plan assumes that the Company will be able to raise the required amount of new debt capital - estimated by the Company's management in the range of  $\in$ 8.500.000 up to  $\in$ 11.000.000 - to finance the project's cost of construction.

The feasibility study of the project dated 2 May 2023 has been prepared by HLB CYPRUS Ltd and has been evaluated by the Company's Board of Directors.

The key findings, information, economics, financial metrics and financial projections of the feasibility Study in relation to the project are disclosed in paragraph 5 of this Admission Document.

#### The "Triangle"

Capitalizing on Limassol's attractiveness for corporate headquartering and scarcity in office space, the Company aspires to fill the market gap with a ground-breaking, green building destined to become the benchmark for the new standard of modern commercial developments.

The "Triangle" building has been designed by the well renowned office of Kythreotis Architects and will become a landmark building marking the East Gateway of Limassol.

#### Investment rationale

Cyprus is evolving into one of the key European hubs for corporate headquartering providing a strategic location connecting Europe and the Middle East, with Limassol being the preferred city for corporations.

The supply gap in the market for office space combined with the end of Covid era provides an ideal timing for large scale developments to meet the rising demand.

The current consensus has corporations shifting away from offices in the city center to more accessible locations. Triangle abides to the new setting, being strategically located at the exit of Agios Athanasios' roundabout.

Easily accessible and visible from the motorway, it will mark the East Gateway of Limassol, in an area which is gradually becoming the Central Business Centre of Limassol.

# **Overview of the Cyprus Real Estate market**

Eurostat's house price index for Cyprus recorded an increase of 2,3% in the second quarter of 2022 compared to the first quarter of 2022 and an increase of 2% compared to the second quarter of 2021.

The CBC's residential property price index recorded an increase of 1,7% in the second quarter of 2022 compared to the first quarter of 2022 and an increase of 4,7% compared to the second quarter of 2021.

The main factor of the acceleration in house price increases continue to be the increase on construction costs but also the increase in demand in the real estate market. The increase in prices relates to all cities, both apartments and houses.

The Central Bank of Cyprus Q3 2022 House Price Index notes that according to the most recent data from the Department of Lands and Surveys (DLS), the number of sales documented continued to record an increase in the third quarter of 2022 by 33,8% year-on-year (3.347 compared to 2.502), reflecting the increased demand for real estate properties. During the 3rd quarter of 2022 there was a 67,3% year-on-year increase in the number of properties transacted with foreign buyers (1,506 compared to 900), resulting from a 32% increase in purchases from residents within the European Union (EU) and 104,1% increase in purchases from non-EU residents. Overall, in the first nine months of 2022, the number of sales documented increased by 37,2% compared to 28,6% in the previous year. The increase from local buyers amounted to 17,4% whereas from Foreign investors to 76,7%.

In addition, the continued conflict between Russian and Ukraine continues to create demand in the real estate market from investors from Russia and Ukraine, who are in search of alternative headquarters abroad, choosing Cyprus due to the favourable investment environment, tax incentives and presumed high level of professional services offered.

# **Overview of the Limassol real estate market**

Limassol continues to be the most important real estate market in Cyprus. Limassol's real estate market has not yet started to show saturation signs, and despite existing issues and occasional fluctuations, it continues to be dynamic. The repeal of the Cyprus Citizen by Investment Program (CIP) has had an evident effect, however the interest for high-end properties in Limassol has not completely disappeared, with real estate companies adjusting accordingly.

During 2022, Limassol recorded the highest increase year on year, of the total transaction value in the Cyprus real estate market. In addition, Limassol made up the majority of the volume of transactions (31%), followed by Nicosia (27%).

According to data from the DLS, Limassol experienced a double-digit increase in sale contracts filed at the DLS during 2022 compared to 2021.

Limassol also continues to lead the share of high-end residential property transactions (76%) followed by Paphos district (17%).

The demand for real estate rent (both commercial and residential) is constantly increasing due to the continued relocation of foreign companies and individuals to Cyprus, mainly concentrating in Limassol and Paphos. According to data from the CBC, in the third quarter of 2022 quarterly house prices increased in all districts, with Limassol experiencing the highest with 3%.

# **Key Project Overview**

Category	Class A Office Building
No of storeys	7 (including ground Floor)
Total building surface area	5.500 sqm
Parking spaces	60
Green energy	Gold LEED Certification

Prime office development in the heart of Limassol's CBD

Amongst the first sustainable Office Developments in Cyprus accredited by a global accreditation body (LEED)

Suitable for Headquartering purposes, posed to significantly uplift the economic outlook of the area.

The basic project timeline based on the approved Business Development plan is:

Project Timeline	Year O	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7 +
Detailed Design and Licensing								
Project Construction								
Project Operational								

Overview of Project Cashflows	(€ thousands)
Land Value	3.700.000
Construction Costs	10.500.000
Other fees*	583.500
Total Project Cost	14.783.500

\*include architect fees, civil engineering fees, mechanical & electrical engineering fees, quantity surveyor, project manager and permit costs.

Project location and dynamics/	
Title Deed details	
Reg. No	0/9854
Plan	2-205-341
Block	125
Land surface	3,650 sq. m
Ownership	100%

Agios Athanasios is located 3km north-east of Limassol, in an open sea-view location extending to the shoreline. Over the years, Agios Athanasios has transformed from a small village into a modern municipality. As of today, it is considered as one of the most developed areas of Limassol.

Triangle is located next to the main road, southwest of Linopetra's roundabout, one of the main commuting arteries connecting Limassol with all the major cities (see Appendix 2 for Real estate project location), strategically positioned for headquartering purposes.

New modern offices, commercial and residential developments have already been completed in the area or are planned to be built. More than 100 industrial units with a workforce exceeding 2,500 people operate in the surrounding area.

Triangle is adjacent to Ksenos Business Center (~170m) and in proximity to other luxurious office buildings such us, Wallstreet Building (~850m) and the Oval (~2.5Km), with the surrounding area expected to be further rejuvenated by planned developments which would position Triangle in the mist of the Central Business Centre of Limassol.

A variety of financial institutions, private organizations and a large number of services and facilities can be found in the vicinity of Triangle. On the southeastern side of the municipality, there is a coastal area with hotel units, tourist apartments and numerous businesses, services and shopping centers.

The commercial and economic outlook of the area, combined by the City's attractiveness for headquartering, grant a distinctive advantage for the success of this Project. Supplementing the market dynamics, Triangle will be equipped with cutting-edge facilities, sufficient parking spaces and unmatched accessibility.

Recent shocks in global economy as well as the ongoing war in Ukraine, have left corporations and employees seeking for safer / more stable destinations to relocate. The increase in workforce from the arrival of more than 14.000 Ukrainian citizens relocating to Cyprus, combined with the scarcity of office spaces in Limassol, pave the road for the success of Triangle.

## Project and building technical analysis

The Project comprises a 7-storey office building (including ground floor) with total building surface of c.5.500 m2.

The building's development composition is presented below:

Floor	Office Area	Lobby & Meeting Rooms	Kitchen /Toilets	Circulation	Parking/Storage/ M&E	Total
Basement	-	-	41	126	853	1,020
Ground Floor	-	366	-	10	49	425

## Gross Floor Area Analysis (sqm)

1 Floor	516	23	38	11	69	657
	510	23	30	11	09	037
2 Floor	516	23	38	11	69	657
3 Floor	516	23	38	11	69	657
4 Floor	516	23	38	11	69	657
5 Floor	516	23	38	11	69	657
6 Floor	516	23	38	11	69	657
Roof				12	22	34
Total	3,096	504	269	214	1,338	5,421

The building will have an Energy performance Certificate class A and is already a Candidate to obtain a Gold LEED (Leadership in Energy and Environmental Design) certification from U.S. Green Building Council, a globally recognized symbol of sustainability achievement and leadership.

LEED-certified buildings save money, improve efficiency, lower carbon emissions and create healthier places for people. They are critical to addressing climate change and meeting ESG goals, enhancing resilience and supporting more equitable countries.

It is expected that construction of the building will take close to 2 years to complete.

The building will be served amongst others, by smart automation, CCTV, photovoltaic system and Building Management system.

The basement will consist of mechanical and storage areas, toilets and utility rooms and parking space.

The ground floor will consist of a reception area, meeting rooms and other common areas.

Each floor will consist of a separate office unit, kitchenette, server room and toilets, connected by two lifts and two staircases.

Planning permit	Dated 31.8.2023
Construction/building permit	Pending
Construction timeline	Expected to start by Q3 of 2024
Construction completion time	24 months approx.

## Project's Licensing and construction status

The Company faces a delay risk during the construction phase which may push back the project delivery date. As a mitigating action, the Company includes in the contractor and sub-contractor contracts a performance bond which ensures a financial compensation by the contractor of 10% of the contracts' cost. In addition, it establishes a clear communication process with contractors and sub-contractors to identify, avoid and/or reduce delays.

If the quality of construction is not up to the standards set in the construction contract agreement, the issuer may claim compensation. This decision is up to the architect and the quantity surveyor of the project.

The compensation is a fixed percentage on the quotation given by the contractor during tender stage.

The claim is against the nominated contractor who is responsible for the compensation.

In addition to the above quality issues, there is a separate penalty clause regarding construction delays that the contractor will be liable to.

The legal entity that has the authority to decide whether or not a claim against the performance bond is acceptable, is the quantity surveyor as this is a neutral and legally binding party.

## Monitoring the Project

The Company will monitor the progress of construction via weekly progress meetings with the contractor, an updated works program/timeline, daily photographic information, and a daily site diary from contractor. The progress timeline will be reported to stakeholders by 3-month news updates on the Company's website.

Contractors and subcontractors provide 10% performance bond on their works cost and there is a daily penalty for delays to ensure everyone adheres to the timeline. A termination clause is included in the contract based on standard practice The contractors and subcontractors are selected based on their previous project experience, capabilities and reputation.

#### **Project inputs**

Key building specifications:

5.421m<sup>2</sup> in total

6 floors with office space to accommodate more than 500 employees

Underground and overground parking facilities with infrastructure to support electrical vehicles

Green Building accredited from a global accreditation body Land acquired by the company in 2021.

Project development is scheduled to start in Q3 2024.

Project is expected to be completed by Q2 of 2026.

Triangle will offer an impressive working environment, spread over 6 floors of open-plan office spaces, suitable for corporate headquartering, being able to host more than 500 employees.

Cutting edge design, developed with the latest technological advancements, Triangle will be able to host any type of corporation.

The building is expected to be one of the first in Limassol with LEED Gold (green building), certification from a global accreditation body.

# The LEED rating system

LEED (Leadership in Energy and Environmental Design) is the world's most widely used green building rating system in the world.

Developed by the non-profit U.S. Green Building Council (USGBC), it includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, homes, and neighborhoods, which aims to help building owners and operators be environmentally responsible and use resources efficiently.

Available for virtually all building types, LEED certification provides a framework for healthy, highly efficient, and cost-saving green buildings, which offer environmental, social and governance benefits. LEED certification is a globally recognized symbol of sustainability achievement and leadership.

LEED Certificate Benefits:

- Help Meet Investor's ESG Goals
- Command Higher Rents
- Boast Lower Vacancies
- Increased Occupancy Rates
- Acquire Premium Pricing
- Improves Employee Moral and Work Environment
- Tackles Climate Change
- Reduced Carbon Emissions
- Reduces Waste

<u>Better For Business</u>: LEED Certified buildings are a solid asset for investors, occupiers and communities. It allows investors to implement management practices that prioritize building efficiency, decrease operational costs and increase asset value. Since 2018, LEED-certified assets have held a 21.4% higher average market sales price per square foot over non-LEED buildings. LEED-certified offices have consistently performed at a premium when it comes to pricing across quality classes and geographies. LEEDcertified Class A urban office sales generated a 25.3% price per square foot premium over non-certified buildings. In comparison, LEED-certified Class A suburban offices achieved a 40.9% premium over non-certified assets <u>Better For People</u>: LEED prioritizes physical health and well-being. The rating system focuses on strategies like banning smoking and reducing toxic exposure from materials to improve air quality. Active design and supporting the production of local, sustainable foods promote physical activity and healthy eating. Employers in LEED certified spaces report higher employee retention rates and productivity.

<u>Better For The Environment</u>: LEED certification is a global solution for cities, communities and neighborhoods. Through sustainable design, construction and operations, LEED can help new and existing buildings to reduce carbon emissions, energy and waste, conserve water, prioritize safer materials, and lower our exposure to toxins. By building to LEED standards, buildings contribute 50% fewer Green House Gases (GHGs) than conventionally constructed buildings due to water consumption, 48% fewer GHGs due to solid waste and 5% fewer GHGs due to transportation.

# **Project SWOT Analysis**

## Strengths

Unique design offering unparalleled 360 views of Limassol.

Exceptionally accessible location

Capacity to host multinational organizations aiming to headquarter in Cyprus.

Filling the gap in supply for commercial buildings in the City.

Green development with minimal carbon footprint.

Raising the bar and contributing to positive economic developments in the country.

The team assembled for its construction is comprised of seasoned professionals with years of experience and excellence in the field.

## Weaknesses

The issuer does not currently have an established in-house lettings team; thus, it will have to rely on the expertise of third parties for securing a long term tenant for the building. Although we anticipate that due to the supply-demand disparity this is a small and calculated risk. The risk of using third parties is mitigated by performing due diligence on the real estate agents we partner with, by previous experience with them, market reputation, clientèle.

## **Opportunities**

Triangle can become a Landmark building marking the East Gateway of Limassol.

The building has the potential to attract a top tier multinational tenant, uplifting the status of the city and becoming a beacon for further similar developments.

Marking the start for further green developments in Cyprus.

Leading the beginning of a new era of commercial developments.

## Threats

The project would maximize its return through establishing an international rather than a local tenant. With ever changing global dynamics this would be its greatest threat, although not detrimental to its success.

# Feasibility study

The Financial Projections presented below are extracted from the feasibility study prepared by HLB Cyprus Ltd, dated 2.5.2023. HLB Cyprus is a member Firm of HLB International, a global network of independent advisory and accounting firms.

The feasibility study was based on information provided by the Company's management as well as from other sources and it was carried out on the assumption that such information was reliable and, in all material respects, accurate and complete.

The feasibility study did not involve the provision of services of technical aspects, including an assessment of the structural soundness of the building or an assessment of the mechanical and electrical installations of the Project or the legality of the premises.

The complete feasibility study will be available free to the public during normal business hours at the offices of BH HIGH CROSS PUBLIC LTD (the "Company") 365 Agiou Andreou street, Efstathiou Court, Office 201, 3035, Limassol, Cyprus for a period of one month from the date of issue of the Admission Document.

# **Financial projections**

The financial projections presented below have been approved by the Board of Directors of the Company, taking into consideration the Company's feasibility study dated 2.5.2023 which was conducted by the advisory and accounting firm HLB Cyprus a member Firm of HLB International based on assumptions made by the Board of Directors. The financial projections have been verified by HLB Cyprus a member Firm of HLB International.

The Board of Directors is responsible for the identification and disclosures of the assumptions on which financial projections are based.

The financial projections are based on a variety of assumptions which, though considered reasonable and feasible by the Board of Directors, may not be realized and a are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial uncertainties and contingencies, many of which are beyond the control of the Board of Directors. The Board cautions that no representations can be made or are made as to the accuracy of the financial projections or to the Board's ability to achieve the projected financial results. Some assumptions may inevitably prove to be incorrect. Events and circumstances occurring subsequent to the date on which these financial projections were prepared may be different from those assumed or alternatively may have been unanticipated and thus the occurrence of these events may affect the projected financial results in a materially adverse or materially beneficial manner.

The following financial projections were prepared on a basis comparable with the historical financial information and the accounting basis used and is consistent with the accounting policies of the Issuer.

# Financial projections (in'000's)/ Earnings before tax (EBT)/ Earnings after Tax (EAT) Analysis

Year	1	2	3	4	5	6	7	8	9	10
Rental Income	-	-	1.100	1.834	1.925	1.925	2.022	2.022	2.123	2.123
Operating Expenses	-	-	-44	-73	-77	-77	-81	-81	-85	-85
EBIT	0	0	1.056	1.760	1.848	1.848	1.941	1.941	2.038	2.038
EBIT Margin %			96%	96%	96%	96%	96%	96%	96%	96%
Loan Interest	-91	-384	-564	-533	-483	-443	-405	-366	-328	-290
EBT	-91	-384	493	1,228	1,366	1,406	1,536	1,574	1,710	1,748
SDC	0	0	-25	-41	-43	-43	-45	-45	-48	-48
Income Tax	0	0	-2	-153	-171	-176	-192	-197	-214	-218
EAT	-91	-384	466	1.033	1.152	1.187	1.299	1.332	1.448	1.481

# **Key explanations:**

P&L: Profit & Loss Statement EBIT: Earnings Before Interest & Taxes EBT: Earnings Before Taxes SDC: Special Defense Contribution EAT: Earnings After Tax CAPEX: Capital Expenditure BoP: Beginning of Period EoP: End of Period

## Assumptions:

- Years 1 and 2 = years of construction
- Assumed Biannual Rental Growth at 5%
- Years 3 to 14 = rental income and repayment of bank loan
- Occupancy assumed at 60% in Year 3, moving to 100% in Year 4.
- Operating expenses estimated at 4% of rental income
- Estimated Interest rate at 3month Euribor + Margin 2% using Euribor Forward curve
- Income tax at 12.5%
- SDC at 2,25% of Rental Income (3%\*75%)
- Gearing Ratio computed as Total Debt Amount over Building Value (Yearly Rent/4%)

## **Revenue projections**

Forecasted rental income has been to €42 per sqm from Year 3 (see table below for comparable office rent as of 23.1.2023).

Biannual rental increase assumed at 5%, in line with similar rent arrangements both locally and internationally.

Leasable Office Space (sqm)	3,600*
Rental income/Office space**	€42 / m <sup>2</sup> €151.200 / month
Ancillary Leasable Areas (sqm)	269
Rental income/Ancillary areas	€6 / m <sup>2</sup> €1.614 / month
Total annual rental income in Yr. 3	€1.100.000 (rounded)

\* Includes 3,096 sqm office space and 504 sqm lobby & meeting rooms \*\*Comparable analysis of office rents in the vicinity of Triangle:

Building	Monthly rent	Covered	Rent per
	-	Area sqm	sqm
Agios Athanasios - Ksenos Building	€ 35.000	727	€ 48,14
MGO Protopapas 77 (Spyros Kyprianou avenue)	€ 116.667	2.75	€ 42,42
MGO Protopapas (Spyros Kyprianou avenue)	€ 10.000	320	€ 31,25
Cedar Oasis (Spyros Kyprianou avenue)	€ 14.000	385,5	€ 36,31
Cedar Oasis (Spyros Kyprianou avenue)	€ 12.000	298,5	€ 40,20
Agios Athanasios – The Oval	€ 10.500	195,5	€ 53,70
Average			€ 42,00

#### Cost structure (€)

Land value	3.700.000
Construction costs	10.500.000
Architect fees	300.000
Civil Engineer	48.000
Mechanical & Electrical Engineer	90.000
Quantity Serveyor & Project manager	120.000
Permit costs	25.500
Total Project Costs	14.783.500

## Financing assumptions:

- An indicative Debt/ Equity capital structure of 70%/30% has been assumed in relation to the financing of the Project.
- Accordingly, a loan facility of €10.500.000 is assumed (the Company is evaluating bank loan offers).
- Interest rate 3month Euribor + Margin 2%, with 6-month interest period (actual rate agreed with the bank may vary).
- Bullet 20% repayment on loan maturity.
- Repayment period 14 years, including 24 months capital grace period. Assumed lower amortisation in early years of project to cover for 60% occupancy in Year 3

Estimated total project cost	€15.000.000
Financed by:	
Debt (70%)	€10.500.000
Equity (30%)	€4.500.000

(figures are rounded for simplicity)

# Free cash flow analysis (in'000's)

[										
Year	1	2	3	4	5	6	7	8	9	10
Cash Flow statement										
Land										
		-								
Construction	-5.550	5.550								
Total										
Development		-								
Costs	-5.550	5.550								
EAT	-91	-384	466	1.033	1.152	1.187	1.299	1.332	1.448	1.481
CAPEX						-58	-61	-61	-64	-64
Drawdowns	5.020	5.550								
Amortisation			- 366	-933	-815	-705	-705	-705	-705	-705
Repayments										
Levered Cash										
flow	-621	-384	100	100	336	424	533	567	680	713
Cumulative										
Levered Cash		-	-							
flow	-621	1.005	905	-805	-468	-44	490	1.057	1.736	2.449

# Key explanations:

EAT: Earnings After Tax CAPEX: Capital Expenditure

## Assumptions:

- Years 1 and 2 have been assumed for construction of the Project (expected outflow of €5,5m per year, own funds of €0.5m to be used in Year 1). Drawdowns of €5,02m and €5,55m have been assumed in Years 1 and 2 respectively.
- Rental income will commence from Year 3 with EAT expected to reach the level of c.€0.7m, increasing to €1.8m in Year 14 which has been assumed the year of full loan repayment.
- Annual loan capital repayment has been assumed at €0.6m increasing down the line to fully amortize 80% of the Loan.
- Assumed CAPEX at 3% of Total Rent commencing in Year 6. Considering the exceptional quality of the building, it is unlikely that it will incur additional expenditure in the projected horizon.
- 20% bullet loan repayment in Year 14.

## ACOVID-19 virus outbreak effects on activities & operations.

The Company's management does not anticipate any negative impact on its main business operations and due to the COVID-19 virus outbreak. The disruptions from the virus outbreak are not expected to have any knock-on effects on the Company's supply chain, working capital management, customer service, capital and fundraising activities and/or finance functions.

## Russia's military operation against Ukraine.

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally

as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries. Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

This operating environment may have a significant impact on the Company's operations and financial position. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

## Israel conflict in the Middle East.

On 27 October 2023, the Israel Defense Forces launched a large-scale invasion inside the Gaza Strip. The conflict may have serious consequences on the Cyprus economy and worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

The Company has limited direct exposure to the Israeli market and as such does not expect any significant impact from direct exposures to this country. Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and real estate industry in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, interest rate fluctuations and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

This operating environment may have a significant impact on the Company's operations and financial position. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

## Other important notes:

The information presented in this report is based on the latest available data for 2023 on selected indicators of the Cyprus Real Estate Market. The indicators presented are those for which there are sufficient data available to provide an overview at the regional and global levels.

2022 was a year defined by volatility and uncertainty across Europe, as well as Cyprus, which is expected to continue through 2023. The wars in Ukraine and the Middle East

led to an energy crisis, resulting in record-high inflation to which central banks responded by embarking on the fastest hiking cycle in history.

Interest rate hikes are likely to continue this year, rising rates and uncertainty due to war in Ukraine and the Middle East will continue to put real estate valuations under pressure in the near term. However, the pipeline for new supply is very tight, which should support the long-term prospects of the asset class. In addition, the rental growth has been healthy and should continue if consumer demand remains strong. The war in Ukraine and the Middle East has encouraged near-shoring and reshoring, which should increase demand for logistics and commercial property.

It is inevitable that the developments relating to the Ukrainian and the Middle East wars will adversely affect both the Cyprus as well as the global economy for an unforeseen period of time. Given the current uncertainty that exists, it is currently not possible to make any reliable estimate as regards the length and the depth of the economic adverse effect for both the global and the Cyprus economy.

Looking to the future, a number of large infrastructure projects are underway across Europe. The European Union has ambitious plans for decarbonization, including measures to support energy-efficient construction and the rehabilitation and renovation of older and noncompliant buildings.

For the purposes of the feasibility study contacted, construction cost estimates are based on preliminary indications from the Quantity Surveyors which were subject to the information available at the time of the Feasibility Study dated April 2023. As a result, actual costs might differ from those estimations. The estimated construction cost (€10.500.0000) as a percentage of total project cost (€14.783.500) is estimated at 71%. Changes in market conditions such as material costs, labor costs and availability can significantly impact the overall cost of the project. As depicted from price changes of major construction materials, deviations might materialize until the end of the 2-year construction period. Delays in obtaining necessary building permits can push back the start date of construction, leading to increased costs due to extended project timelines. Disruptions in the supply chain, such as material shortages, transportation delays, or geopolitical issues, can impact the availability and cost of materials, leading to delays and cost overruns. Management incorporates appropriate strategies to avoid cost estimation errors and project delays by following closely market developments and having backup suppliers and alternative production facilities. Insurance coverage is available so the company is protected against various risks, such as property damage, liability claims, or business interruption.

# 6.RISK FACTORS

The issuer's shares are not a suitable investment for all investors: Each potential investor should assess the appropriateness of an investment in securities on a non-regulated market known as the E.C.M. of the CSE, considering their specific characteristics.

Specifically, any potential investors should:

Have the necessary knowledge and experience so as to be able to carry out a meaningful evaluation and understanding of risks inherent in such an investment, in the context of his/her economic situation, the investment in the shares of the company and the impact of such an investment in his/her total portfolio.

Have sufficient financial resources and liquidity in order to be able to bear all the risks of his investment.

Acknowledge that he may not be able to sell his shares for a long time or at all and Be able to evaluate (either himself or through financial advisers) possible scenarios regarding the factors that may affect his investment like the wider economic environment, or other factors, and his ability to take risks contained in his investment.

# A COVID-19 virus outbreak effects on activities & operations

The education industry which is vertically linked to the student accommodation sector has been one of the industry's most significantly tested by the Covid-19 pandemic. Social distancing and quarantine measures have created vast challenges for universities and colleges, which resorted to the leveraging of technology to ensure the continuation of student learning. Covid-19 has brought great uncertainty on the education industry, primarily through the number of students enrolling and the ability of the student accommodation services to maintain profitability in order to serve the needs of students domestic and abroad. Automotive industry has been affected majorly in the same effect but fairly preserving the market share it previously held due to the short term implications in the specific sector.

## **Risks relating to the Shares**

The Company's largest Shareholder, has substantial control over the Company, a 74,4% of the shares are currently held by the majority shareholder. Accordingly the majority shareholder will have a significant influence In relation to matters submitted to a vote of the company, including matters such as capital increases, amendments, to the Articles and the appointment and dismissal of members of the board. This may result in the value of the shares being materially adversely affected. The interests of the majority shareholder may differ from those of the other shareholders.

## Active Trading may not develop

Investors should be aware that the value of the Shares may go down as well as up and that they may not be able to realize their investment. The Company can give no assurance that the trading market for the shares will be active or, if developed, will be

sustained. If an active trading market is not developed or maintained, the liquidity and /or trading price of the shares could be adversely affected.

#### **Changes in Price and Market Depth**

The shares of the Company, provided that is application for listing on the CSE is approved, will be admitted for trading on the ECM market of the CSE. Capital markets internationally are subject, from time to time, to price fluctuations as well as to fluctuations on the volume of transactions.

The Company's share price can be subject to fluctuations that result from the mentioned fluctuations of the international capital markets and which are not directly connected with the activities and the prospects of the Company.

The general economic, political, and capital market conditions, as for example the economic recession, the fluctuations of interest rates and exchange rates may significantly influence both the price and the demand for securities of the Company.

Also, the Company's financial results may, from time to time, deviate considerably from the expectations of investors and analysts. Each one of these situations can contribute to the reduction of the Company's share price. Any weakness of the investment public to evaluate immediately and effectively the prospects of the Company can cause important fluctuation in the price of the shares during trading.

Moreover, the marketability of the Company's shares may be low as a result of the low trading volumes of the CSE compared to other international markets. There is no assurance that the Company's shares will not trade on the CSE at a lower value than their admission price.

The price of the shares could decline as a result of the sale of the substantial number of shares in the market, or could be held back by the perception that such sales could occur. Such perception also might make it difficult for the Company to issue equity securities in the future at a time and a price that it deems appropriate.

On a return of capital on dissolution of the Company, holders of shares will be entitled to be paid out of the assets of the Company only after the claims of all creditors of the Company have been settled.

Further, the Company's right to participate in any distribution of its subsidiaries assets upon their liquidation, reorganization or insolvency would generally be subject to prior claims of the subsidiaries' creditors, including lenders and trade creditors.

There is no guarantee that the market prices of the shares will fully reflect the underlying value of the assets owned by the Company.

As well as being affected by the underlying value of such assets, the market price of the shares will be influenced, amongst other factors, by the supply and demand for the shares in the market. Accordingly, the market price of the shares may vary considerably from the underlying value of the Company's assets.

#### **Business Strategic & Operational Risks**

The key business risk factors relating to the strategy and operating activities aspect of the Company relating to the real estate activity risks include the following:

#### **Risks relating to the Real Estate Sector**

The Company is exposed to a number of specific real estate factors, including all of the risks inherent in the business of acquiring, developing, owning, managing and using real estate. Changes in laws and governmental regulations, property valuations and fluctuations in the property markets generally, and in the local markets where the Company operates.

Global economic and market fluctuations internal and external, due to capital flows and business expansions, the real estate industry has become a truly global industry and, as such, is increasingly susceptible to global market fluctuations. If any of these factors were to materialize and be adverse, they could have a material adverse effect on the Company's business, financial condition and prospects.

Cyprus is located in a region with geopolitical complexities. Political tensions, regional conflicts, or changes in international relations can have an impact on the real estate market. Stay informed about geopolitical developments in the Eastern Mediterranean and their potential implications for Cyprus.

Liquidity of real estate assets differs substantially between markets, asset classes, between development, investment and during the development stage.

Due to its illiquid characteristics, real estate property is less marketable than other investments as property can sometimes languish unsold for some time. Property demand may also frequently fluctuate and not balance with the market supply.

This illiquidity shortcoming might become especially limiting in a case of financial crisis, where in addition to the natural illiquidity of the underlying asset, the crisis itself is typically characterized by a sharp drain in liquidity.

The Company operates in highly competitive markets for investment opportunities. Competition in the real estate market in Cyprus may reduce investment opportunities and affect sale prices and occupancy and rental rates of the Company's property.

Changes in market demand, consumer preferences, or shifts in demographics can affect the demand for certain types of properties. Additionally, increased competition from other developers or alternative investment options can impact the profitability of real estate ventures.

## Risks relating to the Company's business

The Company's financial performance depends, amongst other things, on the economic situation of the markets in which it operates. There is uncertainty, and there will always be uncertainty regarding whether the real estate market in Cyprus will continue to develop, or develop at the rate anticipated by the Company, or that the market trends anticipated by the Company will materialize.

Availability of resources, the decision makers shall make decisions regarding the range of responsibility management towards employees, labor union, training and development of employee, payment and welfare.

However, this factor also causes risk when the developer has more competitors in the same market.

The Company's portfolio suffers from a relatively high exposure level to large development and re-developments, which are a hybrid commercial and residential building and showroom spaces in Limassol.

Deterioration in this project or global or local markets economies, as well as the Company's failure to achieve its business objectives, might have a material negative effect on the Company's value, business and prospects. The Company revenue from retail and residential properties are exposed to the risk of changes in retail economic conditions, fluctuations in the value, occupancy levels, regulation and other factors.

#### Risks relating to the Development of property

The real estate development project "The Triangle" executed by the Company, the Commercial Building in Limassol, Cyprus, required significant capital outlays, the obtaining of Building Permit and an investment preparation during the construction stages.

For the development there may be a demand of an additional equity investment. This project represents a relatively high proportion of the Company's NAV, and as such, creates an inherent exposure to a single property.

Due to extensive financing requirements and long market exposure during the development, such ventures are typically associated with considerable and many-sided risks.

The Company relies on subcontractors for all of its construction and development activities. If the Company cannot enter into subcontracting arrangements on terms acceptable to it or at all, the Company will incur additional costs which will have an adverse effect on its business.

The revenue stream in the business plan is difficult to project, and estimation thereof exposes the Company to significant fluctuations to the projected profitability of a developed project.

Completion risks, these encompass Technical risks, Construction risks, Execution risks and Operational risks.

Technical risks are caused by technical factors, such as engineering difficulties and degrees of innovation, as well as risks caused by miscommunication or poor integration between design and construction units.

Construction risks refer to the difficulties that project owners, sponsors, contractors and vendors confront in the construction process. Execution risks refer to issues that arise from errors or conflicts that delay the project schedule.

Operational risks refer as to the possibility that the project will not function as expected, for example if the availability, capacity or efficiency is lower than expected.

Physical risks which are associated with the physical space, as well as the site itself and its surroundings. These also include design risks and the communication between designers, contractors and owners of the property. Poor or inadequate design (functional obsolescence) can result in decreased productivity and/or increased real estate operating expenses.

Technological factors include, but are not limited to, the availability of the appropriate technology for construction or manufacturing and the ethnocentric orientation in the investment area.

In recent years, Limassol has witnessed a surge in real estate development, particularly in the luxury segment. This increased supply could potentially lead to oversaturation in the market, resulting in price stagnation or decline. Evaluate the balance between supply and demand to assess the risk of oversupply in the specific segment or neighborhood you are interested in.

# Replacement Cost Risk

Evaluating this situation calls for understanding a property's replacement cost to know if it's economically feasible for a new building to come along and steal away those tenants. To figure out replacement cost, you have to consider a property's asset class, location and sub-market in that current location.

Physical factors, these include physical attributions such as transportation, natural resources, climate, topography, and the territorial size of the invested area.

## Risks associated with the Company's investment property business

The Company's operations include the letting or selling of business premises for commercial purposes and letting or selling of residential units to occupiers. If the premises intended for this purpose are not completed on time, are different from those stipulated in the lease agreements, or are damaged, the Company may be exposed to the risk which may have a material adverse effect on the operations, financial standing or results of the Company.

The Company may also be subject to the risk in maintenance of the properties and increases in operating and other expenses. They might also take on additional costs and liabilities associated with existing lease obligations, and are dependent on attracting third parties to enter into lease agreements.

## The Company may be subject to Interest Rate Risk

To the extent that the Company incurs floating rate indebtedness, changes in interest rates may increase its cost of borrowing, impacting on its profitability and having an adverse effect on the Company's free cash flow, property valuation and the its ability to pay interest and loans (as the case may be).

The negative impact of rising interest rate is not limited to direct increased borrowing cost. There is also a potential correlation between rising rates and property values, in particular, income producing assets.

## Risks relating to Regulation and Taxation

A variety of laws and regulations of local, regional, national and EU authorities, including planning, zoning, environmental, health and safety, tax and other laws and regulations must be complied with by the Company. If the Company fails to comply with these laws and regulations, it may have to pay penalties or private damage fees.

In addition, changes in existing laws or regulations, or their interpretation or enforcement, could require the Company to incur additional costs in complying with those laws, alter its investment strategy, operations, or accounting and reporting systems, leading to additional costs or loss of revenue, which could materially adversely affect the Company's business, results of operations and financial condition.

#### **Risks relating to the Company's Borrowings**

The Company's existing bank borrowings could have a significant impact on the Company's business, financial condition and/or results of operations.

The ability of the Company to operate its business largely depends on being able to raise funds. There can be no assurance that the Company will be able to find lenders who are willing to lend on similar terms to those which apply to existing financing arrangements, or at all, or that existing financing arrangements will be able to be refinanced on similar terms, or at all, upon maturity.

The Company operates at a certain level of leverage which it assesses to be suitable to its needs. An increase in the leverage could cause the risk level of the Company's business to increase. However, the Company maintains relationships with a wide range of both banking and non-banking institutions/lenders, in each of its markets.

Existing borrowings can significantly impact an issuer's ability to undertake new projects or investments due to several factors: (i) the company needs to allocate a portion of its cash flows to service its existing debt, including interest payments and principal repayments, which reduces the amount of cash available for new investments or projects (ii) elevated leverage ratios can signal increased financial risk and may make it more difficult for the issuer to access additional financing for new projects or investments to meet its debt obligations (iv) Company's existing debt agreements include covenants that restrict the issuer's ability to take on additional debt or pursue certain types of investments without lender approval which limit the company's flexibility to undertake new projects or investments.

The Company may face limitations on leveraging for expansion due to excessive borrowing beyond the company's debt capacity which can increase financial risk. Periods of economic uncertainty or unfavorable credit conditions can impact the availability and cost of debt financing for the Company.

The Company implements measures to prevent potential default on existing borrowings, such as (i) building and maintaining adequate cash reserves to mitigate the risk of default by providing a buffer to cover debt payments during periods of financial distress or unexpected cash flow disruptions (ii) diversifying funding sources by accessing equity financing or alternative sources of capital (iii) conducting regular stress tests and scenario analyses can help identify potential vulnerabilities and assess the impact of adverse events on the issuer's ability to meet debt obligations. (v) Maintaining proactive open communication with lenders to discuss potential issues and explore alternative solutions.

# Depreciation

In real estate investing, depreciation is the opposite of appreciation. In general, real estate properties are expected to increase in value over the years (appreciation).

However, not all properties are guaranteed to grow in value. Therefore, a major risk of real estate investing is investing in a rental property whose value drops in the future, meaning the property investor will end up losing money.

# Leverage Risk

The more debt on an investment, the more risky it is and the more investors should demand in return. Leverage is a force multiplier, it can move a project along quickly and increase returns if things are going well, but if a project's loans are under stress, typically when its return on assets isn't enough to cover interest payments, investors tend to lose quickly.

# 7. CHANGES IN SHARE CAPITAL AND DISPERSION

#### Authorized and issued share capital

As at the date of the this Document, the authorized share capital of the Company is set at €4.577.508 divided into 4.577.508 ordinary shares of nominal value €1,00 each.

As at the date of the current Document, the issued share capital of the Company is set at €4.577.508 ordinary shares of nominal value 4.577.508 each.

#### Share capital evolvement

The share capital of the Company (authorized and issued share capital) has evolved during the last years as follows:

The Company was registered on 22.09.2021 with an authorized share capital of 1.000 ordinary shares of nominal value  $\in$ 1,00 each and an issued share capital of 1.000 ordinary shares of nominal value  $\in$ 1,00 each. The founding shareholders of the Company were:

Shareholder	Number of shares
BLUE HORN TRADING II LIMITED *1	1.000
TOTAL	1.000

\*1: The Ultimate Beneficial Owners (UBOs) of Blue Horn Trading II Limited were:

\*Markos Kashiouris indirectly holds 750 shares (75,0%) of the issued share capital of Blue Horn Trading II Limited.

\*Dimitris Hatzis indirectly holds 125 shares (12,50%) of the issued share capital of Blue Horn Trading II Limited.

\*Stephanos Kashiouris indirectly holds 125 shares (12,50%) of the issued share capital of Blue Horn Trading II Limited.

On 10.2.2023 the founding shareholder BLUE HORN TRADING II LTD transferred 1.000 shares of the Issuer to BLUE HORN TRADING V LTD. The Ultimate Beneficial Owners (UBOs) of Blue Horn Trading V Limited were the same as the UBO's of Blue Horn Trading II Limited.

On the 31.1.2023 the Company increased its authorized share capital to €2.000 divided into 2.000 ordinary shares of nominal value €1,00 each.

On 10.2.2023, the Company utilized its Other Reserves account by issuing 1 (one) new bonus ordinary share of nominal value €1,00 each at a premium of €4.576.507

On the 26.4.2023 the Company increased its authorized share capital to €4.577.508 divided into 4.577.508 ordinary shares of nominal value €1,00 each.

On 11.5.2023, 4.576.507 new ordinary shares were issued at the nominal price of  $\leq$ 1,00 by the capitalization of the Other Reserves Account and were allotted as bonus shares to the sole shareholder BLUE HORN TRADING V LTD as following:

Shareholder	held before the share capital increase on	Number of shares allotted on 11.5.2023 by the capitalization of the other reserves premium	Number of shares held after the capital increase on 10.2.2023
Blue Horn Trading V Ltd	1.001	4.576.507	4.577.508

As at date of this Admission Document the authorized share capital of the Company was €4.577.508 divided into 4.577.508 ordinary shares of nominal value €1,00 each and the issued share capital of the Company is set at €4.577.508 divided into 4.577.508 ordinary shares of nominal value €1,00 each

On 27.7.2023, 45.000 ordinary shares were transferred in cash at the price of €1,00 each from Blue Horn Trading V LTD to the following shareholders:

Name of shareholder	Number of shared transferred
Markos Kashiouris	7.000
Dimitris Hatzis	7.000
Stephanos Kashiouris	7.000
Joanna Arbuthnot	7.000
Tonia Fotiou	7.000
Nayia Antoniou	7.000
Afxentis Afxentiou	1.000
Loukia Kanarini	1.000
Stelia Stylianou	1.000

# Major shareholders

Shareholder	Direct	Indirect	Total		
Shareholder	Direct	maneet	Shares	%	
Blue Horn Trading V Ltd *1	4.532.508	0	0		
Markos Kasiouris *2	7.000	3.399.381	3.406.381	74,42	
Dimitris Hatzis *3	7.000	566.563	573.563	12,53	
Stephanos Kasiouris *4	7.000	566.563	573.563	12,53	
Joanna Arbuthnot	7.000	0	7.000	0,15	
Tonia Fotiou	7.000	0	7.000	0,15	
Nayia Antoniou	7.000	0	7.000	0,15	
Afxentis Afxentiou	1.000	0	1.000	0,02	
Loukia Kanarini	1.000	0	1.000	0,02	
Stelia Stylianou	1.000	0	1.000	0,02	
TOTAL	4.577.508	4.532.507	4.577.508	100,00%	

As of the date of this Admission Document the major shareholders of the Issuer are:

\*1: The Ultimate Beneficial Owners (UBOs) of Blue Horn Trading V Limited are:

Markos Kasiouris holds an indirect interest of 75,0% in Blue Horn Trading V Limited through his direct 100% shareholding in MKBH DMCC (UAE).

Dimitrios Hatzis holds an indirect interest of 12,50% in Blue Horn Trading V Limited through his direct 100% shareholding in DHBH DMCC (UAE).

Stephanos Kasiouris holds an indirect interest of 12,50% in Blue Horn Trading II Limited through his direct 100% shareholding in SKBH DMCC (UAE).

\*2: The indirect holding of mr Markos Kasiouris arises from his indirect participation (75%) in the issued share capital of Blue Horn Trading V Ltd (3.399.381 shares).

\*3: The indirect holding of mr Dimitrios Hatzis arises from his indirect participation (12,5%) in the issued share capital of Blue Horn Trading V Ltd (566.563 shares).

\*4: The indirect holding of mr Stephanos Kasiouris arises from his indirect participation (12,5%) in the issued share capital of Blue Horn Trading V Ltd (566.563 shares).

# Share capital dispersion

	Number of shareholders (where applicable)	Number of shares (direct and indirect)	Percent (%)
Chairman & Managing Director *1	1	3.413.381	
Directors *2	2	1.161.126	
Chief Accountant	0	0	
Chief Financial officer	0	0	
Secretary	0	0	
Auditors	0	0	
Purchase of own shares (buy-back)	0	0	
Employees provident Fund	0	0	
Shareholders exceeding 5% *3	3	0	
Total		4.574.507	0,99
Employees			
Dispersion to the general public		3.001	0,52
Total share capital		4.577.508	100,00
Natural and legal persons to share ownership of each individual shareholder does not exceed 2% of the shares.	6	3.001	0,52
Total (Natural persons and legal entities)	10	4.577.508	100,00

# Notes:

\*1: Chairman & Managing Director is mr Markos Kasiouris. The Indirect stake in the Company's share capital of mr Markos Kashiouris is derived from his direct stake of 7.000 shares, his indirect stake through his wife Joanna Arbuthnot and his indirect stake (75%) in *Blue Horn Trading V Limited*. Mr Markos Kasiouris directly owns 100% of the share capital of *MKBH DMCC (UAE) which has a direct interest of 75,0% in Blue Horn Trading V Limited*.

\*2: The members of the Board of Directors who hold shares in the Company's share capital are mr Dimitrios Hatzis and Stefanos Kasiouris

The Indirect stake in the Company's share capital of mr Dimitrios Hatzis is derived from his direct stake of 7.000 shares , his indirect stake through his wife Nayia Antoniou and his indirect stake (12,5%) in *Blue Horn Trading V Limited*. Mr Dimitrios Hatzis directly

owns 100% of the share capital of DHBH DMCC (UAE) which has a direct interest of 12,5% in Blue Horn Trading V Limited.

The Indirect stake in the Company's share capital of mr *Stephanos Kasiouris* is derived from his direct stake of 7.000 shares, his indirect stake through his wife Tonia Fotiou and his indirect stake (12,5%) in *Blue Horn Trading V Limited*. Mr *Stephanos Kasiouris* directly owns 100% of the share capital of *in SKBH DMCC (UAE) which has a direct interest of 12,5% in Blue Horn Trading V Limited*.

\*3 In order to avoid double counting this number does not include the direct and indirect stake of Markos Kasiouris (3.406.381 shares), Dimitrios Hatzis (573.563 shares), and *Stephanos Kasiouris* (573.563 shares).

# 8.BOARD OF DIRECTORS AND MANAGEMENT

# **Board of Directors**

The Directors of the Company (the "Directors") as at the date of this Admission Document are:

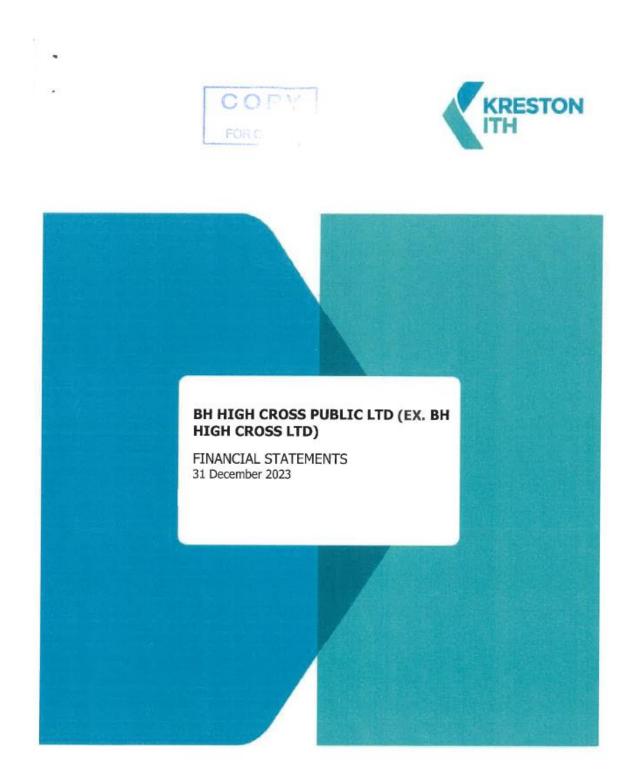
Markos Kashiouris- Executive Director	Mr Markos Kasiouris is a Chartered Accountant and Financial consultant with over 10 years of Professional Experience in the field. From 2000 he sat as a director at the firm Terra Investments and from 2008 until 2017 was a board member of Agua Terra a real Estate Holding company in the SouthEast Europe. From 2010 to current he is a member of the board of directors and CEO of Notesco Financial Services Limited. Mr Markos Kasiouris holds degrees of Econometrics from the University of Manchester and Strategic Marketing form the Manchester School of Management. He is also a member of the MSCI with professional qualification such as FSA securities and Representative Registration from the Institute of Chartered
	Securities and Investments.
Stefanos Kashiouris- Non-executive Director	Mr. Stefanos Kasiouris has a Degree in Mathematics & Finance from Cass Business school in London and City University. He holds a certificate in Financial Regulation and a certificate in Securities and Derivatives from the Financial Services Authority. From 2007-2008 was the Head of Asset Management of EuroOrient Securities & Financial Services Ltd, on 2008 to 2010 was Chief Dealer at FXPro Financial Services Ltd and from 2010 until current is a chief Dealer in Notesco Financial Services Ltd.
Dimitrios Hatzis - Non-executive Director	Mr. Dimitrios Xatzis is an Investment Banker and Financial Consultant with over 20 years of experience. Mr Xatzis has a degree in Management Studies from the University of Cambridge and a first-class degree in Business Economics from the University of Reading. He also received scholarships from ESCR, Citibank, and the Leventis Foundation. He joined Citigroup in 1994 as an International Investment Banker and was promoted to Assistant Director/Vice President in 2000. Director of Regional Investment Banking at EFG Eurobank Ergasias from 2003 to 2008. He was a Securities Dealer's Representative on Tradeco Limited, which was regulated by the Seychelles Financial Services Authority, in 2001. Since January 2019 until present, he has served as the Group Chief Operating Officer of Notesco Financial Services Limited.

	Mr. Nacalia Nicolacy, is a Oracialist in Correspond
Neoclis Nicolaou -	Mr Neoclis Nicolaou is a Specialist in Corporate and
Non-executive	Investment Banking with extensive experience in
Director	investment management, capital raising, project and
	investment financing, financial engineering, valuations,
	mergers and acquisitions and in corporate strategy works.
	He served in a number of managerial positions in the
	Corporate Banking, Consultancy and Investment Banking
	at the Cyprus Development Bank (1985 – 1999),.
	He served in a managerial position at CLR Investment
	Fund Itd having direct responsibility for its strategic
	development.
	From 2009 to-date mr Neoclis Nicolaou is a director of
	NEOCONSULT LTD a consultancy company offering
	strategic and financial advise, banking services available to
	a large number of local and overseas companies both
	private and public. He has also acted as an expert advisor
	on governmental projects.
	Mr Neoclis Nicolaou has served as a member of the Board
	of Directors in a number of private and public companies in
	Cyprus and overseas. Currently among others, he serves
	as Director and Chairman of the Credit Committee of the
	Cyprus Development Bank, Director in the Investment Bank
	of Kuban, Russia, Director in The Argus Lamda Fund Ltd"
	or Ruban, Russia, Director in The Argus Landa Fund Etu

# **Related party transactions**

For the significant related party transactions of the Company with its directors, management and main shareholders refer to note 18 of the Audited Financial Statements for the year 2023 (paragraph 9 of this Admission Document).

9.AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022.



FINANCIAL STATEMENTS 31 December 2023

# CONTENTS

Board of Directors and other officers	1
Independent auditor's report	2 - 3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Cash flow statement	7
Notes to the financial statements	8 - 16

PAGE

# BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Markos Kashiouris Stefanos Kashiouris Dimitrios Hatzis Neoclis Nicolaou (appointed on 23 February 2023)
Company Secretary:	Stelmaco Ltd 365 Agiou Andreou Street EFTSTAHIOU COURT, 2nd floor, Flat/Office 201 3035, Limassol, Cyprus
Independent Auditors:	Kreston Ioannou & Theodoulou Ltd Certified Public Accountants and Registered Auditors 4 Pindou Street Engomi 2409 Nicosia, Cyprus
Registered office:	365 Agiou Andreou Street EFTSTAHIOU COURT, 2nd floor, Flat/Office 201 3035 Limassol, Cyprus
Bankers:	Astrobank Limited Bank of Cyprus Public Company Ltd
Registration number:	HE425906

## Independent Auditor's Report

## To the Members of BH High Cross Public Ltd (ex. BH High Cross Ltd)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of BH High Cross Public Ltd (ex. BH High Cross Ltd) (the "Company"), which are presented in pages 4 to 16 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## **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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

## 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.

# knowing you.

Kreston Ioannou & Theodoulou Ltd - Reg. No: HE 147292

4 Pindou Street, Engomi 2409, P.O.BOX 27713, 2432 Nicosia - Cyprus, Tel.+357 22050500, Fax.+357 22493123

E-mail: info@ith.com.cy, www.ith.com.cy

Ar Kr

## Independent Auditor's Report (continued)

## To the Members of BH High Cross Public Ltd (ex. BH High Cross Ltd)

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of 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 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 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 a true and fair view.

We communicate with the Board of Directors 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.

## Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Theodoros Theodoulou

Certified Public Accountant and Registered Auditor for and on behalf of Kreston Ioannou & Theodoulou Ltd Certified Public Accountants and Registered Auditors 4 Pindou Street Engomi 2409 Nicosia, Cyprus

Nicosia, 4 June 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2023

	Note	2023 €	2022 €
Administration and other expenses	8	(49,027)	(35,014)
Operating loss		(49,027)	(35,014)
Finance costs	9 _	(1,669)	(666)
Loss before tax		(50,696)	(35,680)
Tax	10	-	-
Net loss for the year	_	(50,696)	(35,680)

The notes on pages 8 to 16 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION 31 December 2023

ASSETS	Note	2023 €	2022 €
Non-current assets Investment properties	11 _	4,051,998 4,051,998	3,833,035 3,833,035
Current assets Trade and other receivables Cash at bank and in hand	12 13	721,830 54,549 776,379	711,608 6,707 718,315
Total assets	-	4,828,377	4,551,350
EQUITY AND LIABILITIES			
Equity Share capital Other reserves Accumulated losses	14	4,577,508 - (115,762)	1,000 4,576,508 (65,066)
Total equity		4,461,746	4,512,442
Current liabilities Trade and other payables	16	366,631 366,631	38,908 38,908
Total equity and liabilities	-	4,828,377	4,551,350

On 4 June 2024 the Board of Directors of BH High Gross Public Ltd (ex. BH High Cross Ltd) authorised these financial

statements for issue. 2 Markos Nashiouri tefanos Kashiouris Director Director

Dimitrios Hatzis

Dimitrios Hatz Director

The notes on pages 8 to 16 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

31 December 2023

	Note	Share capital €	Other reserves €	Accumulated losses €	Total €
Balance at 1 January 2022 Net loss for the year Contribution by shareholder		1,000 - -	4,576,508	(29,386) (35,680)	(28,386) (35,680) 4,576,508
Balance at 31 December 2022/ 1 January 2023 Net loss for the year		1,000	4,576,508	(65,066) (50,696)	4,512,442 (50,696)
Issue of share capital Repayments for the year Balance at 31 December 2023	14	4,576,508 - 4,577,508	- (4,576,508) -	(115,762)	4,576,508 (4,576,508) 4,461,746

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 8 to 16 form an integral part of these financial statements.

CASH FLOW STATEMENT 31 December 2023

CASH FLOWS FROM OPERATING ACTIVITIES Loss before tax(50,696)(35,680)Changes in working capital: Increase in trade and other receivables(10,222)(2,475)Increase in trade and other payables327,72343,766Cash generated from operations266,8055,611CASH FLOWS FROM INVESTING ACTIVITIES Payment for purchase of investment property11(218,963)Net cash used in investing activities(218,963)-CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issue of share capital Advances from shareholders4,576,508-Net increase in cash and cash equivalents47,8425,611Cash and cash equivalents at beginning of the year Cash and cash equivalents at end of the year1354,5496,707		Note	€	€
Increase in working capital:       (50,696)       (35,680)         Increase in trade and other receivables       (10,222)       (2,475)         Increase in trade and other payables       327,723       43,766         Cash generated from operations       266,805       5,611         CASH FLOWS FROM INVESTING ACTIVITIES       11       (218,963)       -         Payment for purchase of investment property       11       (218,963)       -         Net cash used in investing activities       (218,963)       -       -         CASH FLOWS FROM FINANCING ACTIVITIES       4,576,508       -       -         Proceeds from issue of share capital       4,576,508       -       -         Advances from shareholders       47,842       5,611       -         Net increase in cash and cash equivalents       47,842       5,611       -         Cash and cash equivalents at beginning of the year       6,707       1,096       -				
Changes in working capital:       (10,222)       (2,475)         Increase in trade and other payables       327,723       43,766         Cash generated from operations       266,805       5,611         CASH FLOWS FROM INVESTING ACTIVITIES       218,963)       -         Payment for purchase of investment property       11       (218,963)       -         Net cash used in investing activities       (218,963)       -       -         CASH FLOWS FROM FINANCING ACTIVITIES       4,576,508       -       -         Proceeds from issue of share capital       4,576,508       -       -         Advances from shareholders       47,842       5,611       -         Net increase in cash and cash equivalents       47,842       5,611         Cash and cash equivalents at beginning of the year       6,707       1,096	Loss before tax	-	(50,696)	(35,680)
Increase in trade and other receivables       (10,222)       (2,475)         Increase in trade and other payables       327,723       43,766         Cash generated from operations       266,805       5,611         CASH FLOWS FROM INVESTING ACTIVITIES       11       (218,963)       -         Payment for purchase of investment property       11       (218,963)       -         Net cash used in investing activities       (218,963)       -         CASH FLOWS FROM FINANCING ACTIVITIES       4,576,508       -         Proceeds from issue of share capital       4,576,508       -         Advances from shareholders       47,842       5,611         Cash and cash equivalents at beginning of the year       6,707       1,096			(50,696)	(35,680)
Increase in trade and other payables       327,723       43,766         Cash generated from operations       266,805       5,611         CASH FLOWS FROM INVESTING ACTIVITIES       266,805       -         Payment for purchase of investment property       11       (218,963)       -         Net cash used in investing activities       (218,963)       -       -         CASH FLOWS FROM FINANCING ACTIVITIES       4,576,508       -       -         Proceeds from issue of share capital       4,576,508       -       -         Advances from shareholders       47,842       5,611       -         Net increase in cash and cash equivalents       47,842       5,611         Cash and cash equivalents at beginning of the year       6,707       1,096	Changes in working capital:			
Cash generated from operations       266,805       5,611         CASH FLOWS FROM INVESTING ACTIVITIES       11       (218,963)       -         Payment for purchase of investment property       11       (218,963)       -         Net cash used in investing activities       (218,963)       -       -         CASH FLOWS FROM FINANCING ACTIVITIES       4,576,508       -       -         Proceeds from issue of share capital       4,576,508       -       -         Advances from shareholders       (4,576,508)       -       -         Net increase in cash and cash equivalents       47,842       5,611         Cash and cash equivalents at beginning of the year       6,707       1,096	Increase in trade and other receivables		(10,222)	(2,475)
CASH FLOWS FROM INVESTING ACTIVITIES         Payment for purchase of investment property         11       (218,963)         Net cash used in investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Proceeds from size of share capital         Advances from shareholders         Net increase in cash and cash equivalents         47,842         5,611         Cash equivalents at beginning of the year         6,707	Increase in trade and other payables	_	327,723	43,766
Payment for purchase of investment property       11       (218,963)       -         Net cash used in investing activities       (218,963)       -         CASH FLOWS FROM FINANCING ACTIVITIES       (218,963)       -         Proceeds from issue of share capital       4,576,508       -         Advances from shareholders       (4,576,508)       -         Net increase in cash and cash equivalents       47,842       5,611         Cash and cash equivalents at beginning of the year       6,707       1,096	Cash generated from operations	-	266,805	5,611
Net cash used in investing activities       (218,963)         CASH FLOWS FROM FINANCING ACTIVITIES       4,576,508         Proceeds from issue of share capital       4,576,508         Advances from shareholders       (4,576,508)         Net increase in cash and cash equivalents       47,842         Cash and cash equivalents at beginning of the year       6,707	CASH FLOWS FROM INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES         Proceeds from issue of share capital         Advances from shareholders         Net increase in cash and cash equivalents         47,842         5,611         Cash and cash equivalents at beginning of the year         6,707         1,096	Payment for purchase of investment property	11 _	(218,963)	-
Proceeds from issue of share capital     4,576,508     -       Advances from shareholders     (4,576,508)     -       Net increase in cash and cash equivalents     47,842     5,611       Cash and cash equivalents at beginning of the year     6,707     1,096	Net cash used in investing activities	-	(218,963)	-
Advances from shareholders     (4,576,508)       Net increase in cash and cash equivalents     47,842     5,611       Cash and cash equivalents at beginning of the year     6,707     1,096	CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in cash and cash equivalents     47,842     5,611       Cash and cash equivalents at beginning of the year     6,707     1,096	Proceeds from issue of share capital		4,576,508	-
Cash and cash equivalents at beginning of the year <u>6,707</u> <u>1,096</u>	Advances from shareholders	_	(4,576,508)	-
	Net increase in cash and cash equivalents		47,842	5,611
Cash and cash equivalents at end of the year 13 54,549 6,707	Cash and cash equivalents at beginning of the year	_	6,707	1,096
	Cash and cash equivalents at end of the year	13	54,549	6,707

2023

2022

The notes on pages 8 to 16 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 1. Incorporation and principal activities

#### Country of incorporation

The Company BH High Cross Public Ltd (ex. BH High Cross Ltd) (the "Company") was incorporated in Cyprus on 22nd of September 2021 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 365 Agiou Andreou Street, EFTSTAHIOU COURT, 2nd floor, Flat/Office 201, 3035, Limassol, Cyprus.

## Change of Company name

During November 2023, the Company changed its name from BH High Cross Ltd to BH High Cross Public Ltd.

#### **Principal activities**

The principal activities of the Company, which are unchanged from last year, are the holding of investment property, letting and selling of properties.

#### 2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. This adoption did not have a material effect on the accounting policies of the Company.

## 4. Significant accounting policies

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

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 4. Significant accounting policies (continued)

### Investment properties

Investment property, principally comprising land for commercial development and is held for long-term rental yields and/or for capital appreciation and is not occupied by the Company. Investment property is treated as a non-current asset and is stated at historical cost less depreciation.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### 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 depreciation or amortisation 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 have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### Financial assets

## Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

## Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

#### Share capital

Ordinary shares are classified as equity.

#### 5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 6. Financial risk management

## Financial risk factors

The Company is exposed to credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

## 6.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, as credit exposures to outstanding receivables.

#### (i) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- receivable balances

## Receivables from related parties

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

The Company does not hold any collateral as security for any receivables from related parties.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

## Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

## 6.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

## 6. Financial risk management (continued)

6.2 Liquidity risk (continued)

31 December 2023 Payables to related parties	Carrying amounts € 365,332	Contractual cash flows € 365,332	3 months or less €	3-12 months € 365,332
	365,332	365,332	-	365,332
31 December 2022	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €
Trade and other payables Payables to related parties	25,000	25,000 12,509	25,000	12,509
	37,509	37,509	25,000	12,509

#### 6.3 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

## 7. Critical accounting estimates, judgments and assumptions

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

## Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## Calculation of loss allowance

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

7. Critical accounting estimates, judgments and assumptions (continued)

Critical judgements in applying the Company's accounting policies

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

## Impairment of non-financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

## 8. Administration and other expenses

	2023	2022
	€	€
Municipality taxes	222	195
Annual levy	350	-
Immovable property tax	226	226
Water supply and cleaning	411	443
Auditors' remuneration	1,100	2,400
Other professional fees	46,718	31,196
Revenue stamps	-	554
-	49,027	35,014
9. Finance costs		
	2023	2022
	€	€
Sundry finance expenses	1,669	666
Finance costs =	1,669	666

## 10. Tax

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2023	2022
	€	€
Loss before tax	(50,696)	(35,680)
Tax calculated at the applicable tax rates	(6,337)	(4,460)
Tax effect of expenses not deductible for tax purposes	3,638	1,491
Tax effect of tax loss for the year	2,699	2,969
Tax charge		-

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

10. Tax (continued)

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

## 11. Investment properties

Refundable VAT

	2023 €	2022 €
Cost	•	e
Balance at 1 January	3,833,035	3,787,500
Additions	218,963	45,535
Balance at 31 December	4,051,998	3,833,035
Depreciation		
Balance at 31 December		-
Net book amount		
Balance at 31 December	4,051,998	3,833,035
Details of investment properties are as follows:		
	2023	2022
	€	€
Туре		
Land situated in Agios Athanasios, Limassol	3,700,000	3,700,000
Building - architect expenses	180,000	112,500
Building - project management fees	36,000	16,000
Building - engineering services	67,300	2,750
Sundry capitalised expenses	47,638	1,785
Building - lighting design	21,060	
	4,051,998	3,833,035
12. Trade and other receivables		
	2023	2022
	€	€
Receivables from other related parties (Note 18.1)	1,000	1,000

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

720,830

721,830

710,608

711,608

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

# 13. Cash at bank and in hand

Cash balances are analysed as follows:

	2023	2022
	€	€
Cash at bank and in hand	54,549	6,707
	54,549	6,707

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

## 14. Share capital

Authorised	2023 Number of shares	2023 €	2022 Number of shares	2022 €
Ordinary shares of €1 each	4,577,508		4,577,508	1,000
Issued Balance at 1 January Issue of shares	1,000	1,000 4,576,508	1,000	1,000
Balance at 31 December	1,000	4,577,508	1,000	1,000

On 31 January 2023, the Company increased its authorized share capital by 1,000 ordinary shares of nominal value of  $\in 1$  per share. The total authorized share capital of the Company as at 31 January 2023 was 2,000 ordinary shares of nominal value of  $\in 1$  per share.

On 10 February 2023, the Company issued one ordinary share at premium (Note 15). As at 10 February 2023, the Company's share capital comprised out of 1,000 ordinary shares of nominal value  $\in$ 1 per share, and 1 ordinary share of nominal value of  $\in$  issued at a premium of  $\in$ 4,576,507.

On 26 April 2023, the Company increased its authorized share capital by 4,575,508 ordinary shares of nominal value of  $\in$  1 per share. The total authorized share capital of the Company as at 26 April 2023 was 4,577,508 ordinary shares of nominal value of  $\in$ 1 per share.

On 11 May 2023, the Company utilized its other reserves by issuing 4,576,507 ordinary shares of nominal value  $\in$ 1 per share (Note 15).

As at 23 May 2023, the Company's authorized and fully issued share capital comprised out of 4,577,508 ordinary shares of nominal value  $\leq 1$  per share.

## 15. Other reserves

2023	2022
€	€
4,576,508	-
-	4,576,508
(4,576,508)	-
-	4,576,508
	€ 4,576,508 (4,576,508)

The other reserves made available to the Board of Directors for future increases of the share capital of the Company.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

## 15. Other reserves (continued)

On 10 February 2023, the Company utilized its other reserves by issuing one additional share of nominal value of  $\in$  1, at a premium of  $\in$  4,576,507.

On 11 May, the Company utilized its share premium account to issue and allot 4,576,507 ordinary shares of nominal value of €1 per share.

## 16. Trade and other payables

	2023	2022
	€	€
Accruals	1,299	1,399
Other creditors	-	25,000
Payables to other related parties (Note 18.2)	365,332	12,509
	366,631	38,908

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

## 17. Operating Environment of the Company

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

#### 18. Related party transactions

During the year ended 31 December 2023, the Company was controlled by Blue Horn Trading V Limited, incorporated in Cyprus, which owns 99.02% and by nine individuals, who own 0.98% of the Company's issued share capital.

The following transactions were carried out with related parties:

## 18.1 Receivables from related parties (Note 12)

		2023	2022
Name	Nature of transactions	€	€
Receivable from shareholders	Finance	1,000	1,000
		1,000	1,000

The receivables from shareholders were interest free, and have no specified repayment date.

## 18.2 Payables to related parties (Note 16)

		2023	2022
Name	Nature of transactions	€	€
Payable to related parties	Finance	365,332	12,509
		365,332	12,509

The payables to related parties were interest free, and have no specified repayment date.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2023

## 19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2023.

## 20. Commitments

The Company had no capital or other commitments as at 31 December 2023.

## 21. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

As explained in note 17 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

The Cyprus Investment Firm Mega Equity Securities & Financial Services Public Ltd Licensed by the Cyprus Securities & exchange Commission (license No.011/03) was appointed by the management as the Nominated Advisor to proceed with the admission process of the Company in the Emerging Companies Market of the Cyprus Stock Exchange, which is expected to be completed in 2024.

Independent auditor's report on pages 2 to 3

# ADDITIONAL INFORMATION TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

# CONTENTSPAGEDetailed income statement1Other operating expenses2Finance costs3Computation of wear and tear allowances4Computation of corporation tax5Calculation of tax losses for the five-year period5

# DETAILED INCOME STATEMENT 31 December 2023

	Page	2023 €	2022 €
Other operating expenses	2	(49,027)	(35,014)
Operating loss		(49,027)	(35,014)
Finance costs	3 _	(1,669)	(666)
Net loss for the year before tax	_	(50,696)	(35,680)

# OTHER OPERATING EXPENSES 31 December 2023

	2023 €	2022 €
Other operating expenses		
Municipality taxes	222	195
Annual levy	350	-
Immovable property tax	226	226
Water supply and cleaning	411	443
Auditors' remuneration	1,100	2,400
Other professional fees	46,718	31,196
Revenue stamps		554
	49,027	35,014

FINANCE COSTS 31 December 2023

	2023 €	2022 €
Finance costs		
Sundry finance expenses Bank charges	1,669	666
	1,669	666

COMPUTATION OF WEAR AND TEAR ALLOWANCES 31 December 2023

			COST			ANNUAL ALLOWANCES					
	Year	%	Balance 01/01/2023	Additions for the year	Disposals for the year	Balance 31/12/2023	Balance 01/01/2023	Charge for the year	On disposals	Balance 31/12/2023	Net value 31/12/2023
	100	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	€	€	€	€	€	€	€	€	€
Investment properties											
Land in Limassol	2021	-	3,700,000	-	-	3,700,000	-	-	-	-	3,700,000
Building - additions	2021	-	87,500	-	-	87,500	-	-	-	-	87,500
Building - additions	2022	-	45,535	-	-	45,535	-	-	-	-	45,535
Building - additions	2023	-		218,963	-	218,963	-	-	-	-	218,963
-		_	3,833,035	218,963	-	4,051,998	-	-	-	-	4,051,998

COMPUTATION OF CORPORATION TAX 31 December 2023

Net less ner income statement	Page	€	€ (50.696)
Net loss per income statement Add:	1		(50,696)
Benefit from transactions falling under Article 33		79	
Annual levy		350	
Immovable property tax		226	
Other non-allowable expenses		28,448	
			29,103
Net loss for the year			(21,593)
Loss brought forward			(25,387)
Loss carried forward			(46,980)

CALCULATION OF TAX LOSSES FOR THE FIVE-YEAR PERIOD

Tax year	Profits/(losses)		Gains Offset		Gains Offset
	for the tax year				
	€	Amount €	Year	Amount €	Year
2018	-	-		-	
2019	-	-		-	
2020	-	-		-	
2021	(1,636)	-		-	
2018 2019 2020 2021 2022 2022 2023	(23,751)	-		-	
2023	(21,593)	-		-	

Tax year	Profits/(losses)	Gains Offs	
	for the tax year		
	€	Amount €	Year
2018	-	-	
2019	-	-	
2020	-	-	
2021	(1,636)	-	
2019 2020 2021 2022 2023	(23,751)	-	
2023	(21,593)	-	

Net loss carried forward

(46,980)





FINANCIAL STATEMENTS 31 December 2022

# CONTENTS

Board of Directors and other officers	1
Independent auditor's report	2 - 3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Cash flow statement	7
Notes to the financial statements	8 - 17

PAGE

# BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Markos Kashiouris Stefanos Kashiouris Dimitrios Hatzis Neoclis Nicolaou (appointed on 23 February 2023)
Company Secretary:	Stelmaco Ltd 365 Agiou Andreou Street EFTSTAHIOU COURT, 2nd floor, Flat/Office 201 3035, Limassol, Cyprus
Independent Auditors:	Kreston Ioannou & Theodoulou Ltd Certified Public Accountants and Registered Auditors 4 Pindou Street Engomi 2409 Nicosia, Cyprus
Registered office:	365 Agiou Andreou Street EFTSTAHIOU COURT, 2nd floor, Flat/Office 201 3035 Limassol, Cyprus
Bankers:	Astrobank Limited
Registration number:	HE425906



## Independent Auditor's Report

## To the Members of BH HIGH CROSS LTD

## Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of BH HIGH CROSS LTD (the "Company"), which are presented in pages 4 to 16 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## **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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

## 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.

knowing you.

2 4 Pindou Street, Engomi 2409, P.O.BOX 27713, 2432 Nicosia - Cyprus, Tel.+357 22050500, Fax.+357 22493123

An independent member of the Kreston Global network

FORUM OF FIRMS

Kreston Joannou & Theodoulou Utd - Reg. No: HE 147292

E-mail: info@ith.com.cy, www.ith.com.cy

## Independent Auditor's Report (continued)

## To the Members of BH HIGH CROSS LTD

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Company's Internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of 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 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 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 a true and fair view.

We communicate with the Board of Directors 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.

## Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may cope to.

Theodoros Theodoulou

Certified Public Accountant and Registered Auditor for and on behalf of Kreston Ioannou & Theodoulou Ltd Certified Public Accountants and Registered Auditors 4 Pindou Street Engomi 2409 Nicosia, Cyprus

Nicosia, 8 March 2023

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2022

		2022	22 September 2021 (date of incorporation) to 31 December 2021	
	Note	€	€	
Administration and other expenses	8	(35,014)	(28,982)	
Operating loss		(35,014)	(28,982)	
Finance costs	9 _	(666)	(404)	
Loss before tax		(35,680)	(29,386)	
Tax	10	-	-	
Net loss for the year/period	=	(35,680)	(29,386)	

STATEMENT OF FINANCIAL POSITION 31 December 2022			
		2022	2021
ASSETS	Note	¢	€
Non-current assets			
Investment properties	11	3,833,035	3,787,500
	-	3,833,035	3,787,500
Current assets			
Trade and other receivables	12	711,608	709,133
Cash at bank and in hand	13 _	6,707	1,096
	-	718,315	710,229
Total assets	-	4,551,350	4,497,729
EQUITY AND LIABILITIES			
Equity			
Share capital Other reserves	14	1,000 4,576,508	1,000
Accumulated losses		(65,066)	(29.386)
Total equity	_	4,512,442	(28,386)
Current liabilities			
Trade and other payables	16 _	38,908	4,526,115
	-	38,908	4,526,115
Total equity and liabilities	-	4,551,350	4,497,729
		1	

On 8 March 2023 the Board of Directors of BH HIGH CROSS LTD authorised these financial statements for issue.

Macros Kashiouris Director

to

Sefanos Kashiouris Director

The notes on pages 8 to 17 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY 31 December 2022

	Note	Share capital €	Other reserves €	Accumulated losses €	Total €
Net loss for the period Issue of share capital	14	1,000	-	(29,386)	(29,386) 1,000
Balance at 31 December 2021/ 1 January 2022		1,000	-	(29,386)	(28,386)
Net loss for the year Contribution by shareholder	15		4,576,508	(35,680)	(35,680) 4,576,508
Balance at 31 December 2022		1,000	4,576,508	(65,066)	4,512,442

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 8 to 17 form an integral part of these financial statements.

CASH FLOW STATEMENT 31 December 2022

	2022	22 September 2021 (date of incorporation) to 31 December 2021
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(35,680)	(29,386)
	(35,680)	(29,386)
Changes in working capital:		
Increase in trade and other receivables	(2,475)	(709,133)
Increase in trade and other payables	43,766	738,615
Cash generated from operations	5,611	96
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	1,000
Net cash generated from financing activities		1,000
Net increase in cash and cash equivalents	5,611	1,096
Cash and cash equivalents at beginning of the year/period	1,096	-
Cash and cash equivalents at end of the year/period	6,707	1,096

The notes on pages 8 to 17 form an integral part of these financial statements.

\_

# NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

#### 1. General information

## Country of incorporation

The Company BH HIGH CROSS LTD (the "Company") was incorporated in Cyprus on 22nd of September 2021 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 365 Agiou Andreou Street, EFTSTAHIOU COURT, 2nd floor, Flat/Office 201, 3035, Limassol, Cyprus.

#### Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding of investment property.

#### **Operating Environment of the Company**

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022 as it is considered as a non-adjusting event.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Company.

#### 2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of and investment property.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

#### 4. Significant accounting policies

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

## Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### Investment properties

Investment property, principally comprising land for commercial development and is held for long-term rental yields and/or for capital appreciation and is not occupied by the Company. Investment property is treated as a non-current asset and is stated at historical cost less depreciation.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

#### 4. Significant accounting policies (continued)

## 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 depreciation or amortisation 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 have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## Financial assets

## Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

## Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

## Share capital

Ordinary shares are classified as equity.

## 5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

#### 6. Financial risk management

#### **Financial risk factors**

The Company is exposed to credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

### 6.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, as credit exposures to outstanding receivables.

## (i) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

cash and cash equivalents
 receivable balances

# NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

6. Financial risk management (continued)

## 6.1 Credit risk (continued)

(i) Impairment of financial assets (continued)

## **Receivables from related parties**

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

The Company does not hold any collateral as security for any receivables from related parties.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

#### Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

#### 6.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2022	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €
Trade and other payables	25,000	25,000	25,000	-
Payables to related parties	12,509	12,509	-	12,509
	37,509	37,509	25,000	12,509

# NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

## 6. Financial risk management (continued)

## 6.2 Liquidity risk (continued)

31 December 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €
Trade and other payables	95,227	95,227	95,227	-
Payables to related parties	4,429,500	4,429,500	-	4,429,500
	4,524,727	4,524,727	95,227	4,429,500

#### 6.3 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

# 7. Critical accounting estimates, judgments and assumptions

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## Calculation of loss allowance

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Critical judgements in applying the Company's accounting policies

## Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

# NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

# 7. Critical accounting estimates, judgments and assumptions (continued)

# Impairment of non-financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

# 8. Administration and other expenses

		22 September 2021 (date of incorporation)
	2022 to 31 December 2021	
	€	€
Incorporation expenses	-	1,078
Municipality taxes	195	188
Immovable property tax	226	-
Water supply and cleaning	443	-
Auditors' remuneration	2,400	1,200
Other professional fees	31,196	26,516
Revenue stamps	554	-
	35,014	28,982

## 9. Finance costs

		22 September 2021 (date of incorporation) to 31 December 2021 €
Sundry finance expenses	666	404
Finance costs	666	404

# 10. Tax

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

		22 September 2021 (date of incorporation)
	2022	to 31 December 2021
	€	€
Loss before tax	(35,680)	(29,386)
Tax calculated at the applicable tax rates	(4,460)	(3,673)
Tax effect of expenses not deductible for tax purposes	1,491	3,425
Tax effect of tax loss for the year	2,969	248
Tax charge		-

The corporation tax rate is 12,5%.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

# 10. Tax (continued)

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

# 11. Investment properties

	2022 €	2021 €
Cost		
Balance at 1 January/22 September	3,787,500	-
Additions	45,535	3,787,500
Balance at 31 December	3,833,035	3,787,500
Depreciation		
Balance at 31 December		-
Net book amount		
Balance at 31 December	3,833,035	3,787,500
Details of investment properties are as follows:		
	2022	2021
	€	€
Туре		
Land situated in Agios Athanasios, Limassol	3,700,000	3,700,000
Building - architect expenses	112,500	87,500
Building - project management fees	16,000	-
Building - engineering services	2,750	-
Sundry capitalised expenses	1,785	-
	3,833,035	3,787,500

The land situtated in Agios Athanasios Limassol and stated at cost  $\in$ 3,700,000 is in the process of being developed by the Company into offices and commercial space. The management of the company requested a chartered surveyor to value the land on 18th of May 2022 and the conclusive market value of the land was determined at  $\in$ 3,570,000 by Virginia Lazarou & Associates Property Valuers and Consultants, an independent chartered surveyor. The management of the Company believes that the market value of the land will increase significantly upon completion of the relevant development.

# 12. Trade and other receivables

	2022	2021
	€	€
Receivables from other related parties (Note 17.1)	1,000	1,000
Refundable VAT	710,608	708,133
	711,608	709,133

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

14

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

# 12. Trade and other receivables (continued)

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

## 13. Cash at bank and in hand

Cash balances are analysed as follows:

	2022	2021
	€	€
Cash at bank and in hand	6,707	1,096
	6,707	1,096

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

## 14. Share capital

Authorised	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Ordinary shares of €1 each	1,000	1,000	1,000	1,000
Issued Balance at 1 January/22 September Issue of shares	1,000	1,000	1,000	1,000
Balance at 31 December	1,000	1,000	1,000	1,000

On 31 January 2023, the Company increased its authorized share capital by 1,000 ordinary shares of nominal value of  $\in 1$  per share. The total authorized share capital of the Company as at 31 January 2023 was 2,000 ordinary shares of nominal value of  $\in 1$  per share.

On 10 February 2023, the Company issued one ordinary share at premium (Note 15). As at 10 February 2023, the Company's share capital comprised out of 1,000 ordinary shares of nominal value  $\in$ 1 per share, and 1 ordinary share of nominal value of  $\in$  issued at a premium of  $\in$ 4,576,507.

On 26 April 2023, the Company increased its authorized share capital by 4,575,508 ordinary shares of nominal value of  $\in$  1 per share. The total authorized share capital of the Company as at 26 April 2023 was 4,577,508 ordinary shares of nominal value of  $\in$ 1 per share.

On 11 May 2023, the Company utilized its other reserves by issuing 4,576,507 ordinary shares of nominal value  $\in$ 1 per share (Note 15).

As at 23 May 2023, the Company's authorized and fully issued share capital comprised out of 4,577,508 ordinary shares of nominal value  $\in 1$  per share.

#### 15. Other reserves

	2022	2021
	€	€
Balance at 31 December	4,576,508	-

# NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

## 15. Other reserves (continued)

The other reserves made available to the Board of Directors for future increases of the share capital of the Company.

On 10 February 2023, the Company utilized its other reserves by issuing one additional share of nominal value of  $\in$  1, at a premium of  $\in$  4,576,507.

On 11 May, the Company utilized its share premium account to issue and allot 4,576,507 ordinary shares of nominal value of €1 per share.

## 16. Trade and other payables

	2022	2021
	€	€
Accruals	1,399	1,388
Other creditors	25,000	95,227
Payables to other related parties (Note 17.2)	12,509	4,429,500
	38,908	4,526,115

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

# 17. Related party transactions

During the year ended 31 December 2022, the Company was controlled by Blue Horn Trading II Limited, incorporated in Cyprus, which owned 100% of the Company's issued share capital.

As of 10 February 2023, the Company is controlled by Blue Horn Trading V Limited, incorporated in Cyprus, which owns 100% of the Company's issued share capital.

The following transactions were carried out with related parties:

# 17.1 Receivables from related parties (Note 12) 2022 € € Receivable from parent entity 1,000 1,000 1,000

The receivables from related parties were provided interest free, and there was no specified repayment date.

17.2 Payables to related parties (Note 16)		
	2022	2021
	€	€
Payable to related parties	12,509	4,429,500
	12,509	4,429,500

The payables to related parties were provided interest free, and there was no specified repayment date.

## **18. Contingent liabilities**

The Company had no contingent liabilities as at 31 December 2022.

2021

1,000

1,000

€

# NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

## 19. Commitments

The Company had no capital or other commitments as at 31 December 2022.

## 20. Events after the reporting period

There were no further material events after the reporting period, which have a bearing on the understanding of the financial statements.

As explained in the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

The management decided to proceed with the listing of the Company to the Cyprus Stock Exchange. The financial institution Emergo Wealth Ltd was appointed by the management to proceed with the admission process of the Company which is expected to be completed during 2023.

Independent auditor's report on pages 2 to 3

17

# **10.DIVIDEND POLICY**

Since its establishment and until today the Company has not paid any dividends. In the future, the Board of Directors of the Company intends to follow a stable dividend policy, taking into consideration the Company's financial position, the need to raise funds to expand its operations as well as the prevailing market conditions.

# **11.TAXATION**

# Company's taxation

Subject to applicable tax regulations, BH HIGH CROSS PUBLIC LTD is considered as a Cyprus tax resident and it is taxed at a corporation tax rate of 12.5% on its taxable income. Any gains arising from the sale of subsidiary companies are exempt from Income Tax. Any gains arising from the disposal of shares of subsidiary companies may be subject to Capital gains tax at a rate of 20% provided that the Company whose shares are subject to disposal is owner of immovable property situated in Cyprus and such shares are not listed in any recognized stock market. Under certain conditions, special defence contribution is imposed on interest received, at a tax rate of 30% In such cases, interest received is exempt from corporation tax. A company resident in Cyprus is deemed to have made a distribution of 70% of its profits after tax, as adjusted for this purpose, in the form of dividends at the end of the two years from the end of the tax year in which the profits relate and must account for 17% special defence contribution thereon. In cases where an actual dividend is paid after the two year period, any deemed distribution reduces the actual dividend on which the defence contribution is withheld. Deemed distribution applies only in respect to profits attributable to shareholders that are physical persons who are resident and domicile for tax purposes in Cyprus.

Any dividends received by from Cyprus tax resident companies and non Cyprus residents are exempt from Income Tax.

Any dividends received by BH HIGH CROSS PUBLIC LTD from companies that are non-tax residents in Cyprus are exempt from a 17% special defense contribution. This exemption does not apply if:

(a) the company paying the dividend engages more than 50% in activities that lead to Investment income, and

(b) the foreign tax burden on the income of the company paying the dividend is substantially lower than the tax burden of the company that receives the dividend. The rate of the defense contribution on dividends is reduced from 20% to 17% as from 1 January 2014.

# Taxation for investors

It is noted that the tax treatment for investment income is subject to a number of factors and parameters, and investors should seek advice from a specialist tax advisor. Under the provisions of the Income Tax Law of the Republic of Cyprus, all tax incentives relating to the acquisition of CSE listed shares have been revoked.

Taxation of dividends

Cypriot Tax Residents Dividends derived from Cyprus tax resident companies, are exempt from any form of taxation if are deemed to be paid to another company resident in Cyprus, while they are subject to a 17% special defense contribution if paid to an individual resident in Cyprus. Any dividends paid out of profits already subjected to special defense contribution under the deemed distribution rules, are not subject again to special defense contribution.

Cyprus Residents are:

(a) Individuals who stay in Cyprus for a period or periods exceeding in aggregate 183 days in the year of assessment, or those who stay in Cyprus for at least 60 days and meet certain related conditions, and (b) when applied to a company, means a company whose management and control is exercised in Cyprus.

# Non-Cypriot Tax Residents

Dividends paid to persons who are not tax residents in Cyprus are exempt from Income tax and from the special defense contribution of 17%, provided that the investor has submitted to the Company the corresponding questionnaire for verifying the term "Non-Cypriot residents" for the corresponding year; or confirming that they are resident but non-domicile for Cyprus tax purposes. This questionnaire must be submitted to the Company every year. In case where an investor's income, who is Non-Cypriot resident or resident but non-domicile, is imposed to a special defense contribution based on the deemed distribution, then such is subject to a submission of tax returns.

Taxation of gains on disposal of shares and other Companies' titles which are listed on the CSE. Any gains from the disposal of shares and other Companies' qualifying titles which are listed on the CSE are exempt from Cyprus taxation.

Special Tax Duty on the sales of securities traded on the CSE In accordance with the provisions of the law on the Imposition of Special duty on the CSE Transactions as amended on the 17th of June 2005, a special duty is imposed on the sales of the securities traded on the Cyprus Stock Exchange. This special duty is set at the flat rate of 0.15% on the value of each transaction.

# **12.OTHER INFORMATION ABOUT THE COMPANY**

As at the date of this Admission Document, no legal actions or claims of material Importance are pending or threatened against the Company.

There are no, nor have there been any in the recent past 12 months, legal or arbitration proceedings in which the Company has been or is engaged in, which may have, or have had a significant effect on the financial position of the Company or any of its subsidiaries.

Apart from those mentioned in this Admission Document, there are no patents or licenses, industrial, commercial or financial contracts that would be of fundamental importance to the business or profitability and on which the Company or any of its subsidiaries are dependent.

There are no financial contracts entered into by the Company which are fundamentally material to the activities of the Company, apart from those mentioned in this Admission Document.

The independent auditors Kreston Ioannou & Theodolou Ltd have given and have not withdrawn their written consent relating to the references to their name in the form and context in which they appear in this Admission Document.

The Company will enroll its shares in the CSE's Central Depository and Registry and is willing and able to deliver the Registry to the Central Depositary and Registry and to fulfil any obligation.

The Company does not intend to implement the CSE's Code of Corporate Governance.

There are no restrictions on the free transferability of securities.

Any future issue of shares shall be offered initially to the existing shareholders depending on the percentage that each shareholder holds in the Company's issued share capital, unless the shareholders otherwise decide by a special resolution.

The Company has not granted special rights to any shareholder.

The titles proposed for listing are fully paid.

The Company has entered into various related party agreements/transactions with its employees/ service providers/directors, as listed to note 18 of the Audited Financial Statements of the 2023 Annual Report. These related party transactions were concluded at arm's length.

The listing concerns all the titles of the same category issued or to be issued, as well as any rights or other financial derivatives which are converted or grant the right to be converted into titles of the same category as the ones to be listed.

SIGNATURES	5
------------	---

		• • •				
No	om	ina	ate	d A	٩dv	isor

Underwriter

....

President or Secretary of the issuer