

**MHV MEDITERRANEAN HOSPITALITY
VENTURE PLC**

REPORT AND UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

Period from 1 January 2023 to 30 June 2023

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

REPORT AND UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

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MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors

Aristotelis Karytinis
Christophoros Papachristophorou
Athanasios Karagiannis
Alon Bar
Charalambos Michael
Alexios Pipilis
Achilleas Dorotheou

Company Secretary

Themis Secretarial Services Limited

Independent Auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
27 Spyrou Kyprianou Ave.,
4003 Mesa Yitonia
Limassol
Cyprus

Registered office

Kyriakou Matsi 16,
Eagle House, 6th Floor, Agioi Omologites
1082 Nicosia
Cyprus

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

INTERIM MANAGEMENT REPORT

The Board of Directors of MHV Mediterranean Hospitality Venture Plc (the "Company") presents to the members its Interim Management Report and the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (together referred to as "the Group"), for the period from 1 January 2023 to 30 June 2023.

Principal activities and nature of operations of the Group

The principal activities of the Group remained unchanged from last year. The Group acquires, repositions, manages as well as develops prime real estate assets in exclusive locations across the hospitality, residential and commercial sectors in Cyprus, Greece and the Mediterranean. The Group is also active in retail through its subsidiary MHV Lifestyle Limited.

The Group currently owns, develops and/or operates the following assets:

The Landmark Hotel in Nicosia Cyprus through its subsidiary, The Cyprus Tourism Development Company Limited.

The Parklane, a Luxury Collection Resort & Spa in Limassol Cyprus and the Park Tower which consists of 20 luxury apartments in Limassol Cyprus, through its subsidiary Parklane Hotels Limited.

Aphrodite Hills Resort in Paphos Cyprus (investment in joint venture), which includes a 5-star hotel, golf course, club, tennis and spa, through its subsidiary Aphrodite Hills Resort Limited. Among the activities of this sub - group is the development and sale of real estate in Aphrodite Hills and the provision of management, rental and other services to Aphrodite Hills homeowners and residents.

Nikki Beach Hotel in Porto Heli in Argolida Greece, through the subsidiary Porto Heli Hotel & Marina S.A.

The "Mare e Sabbia" boutique on the premises of the Parklane, a Luxury Collection Resort & Spa, Limassol, through its subsidiary MHV Lifestyle Limited.

The Group also owns a residential building complex in the district of Pyrgos, Limassol, which is used for the accommodation of Parklane Hotel staff. The property is owned by the subsidiary Stromay Holdings Limited.

Finally, the Group's subsidiary MHV Bluekey One Single Member S.A. has purchased part of the Hotel Porto Paros in Paros Greece. There are agreements in place to acquire the 100% share of this hotel and the relevant purchase price has already been prepaid. These are currently shown in prepayments until the procedures are completed and the legal title deeds are transferred to the subsidiary.

Change of Company name

On 25 August 2023, the Company changed its name from MHV Mediterranean Hospitality Venture Limited to MHV Mediterranean Hospitality Venture Plc.

Changes in group structure

On 31 March 2023, Yoda Plc transferred its 42,5% shareholding (both ordinary and redeemable preference shares) in the Group to its affiliated entity, Ascetico Limited. From that date, Ascetico Limited holds 55% of the Group.

Review of current position and performance of the Group's business

The net loss for the period attributable to the shareholders of the Group amounted to €8.365.896 (2022: €9.910.243). On 30 June 2023 the total assets of the Group were €550.263.263 (31.12.2022: €562.877.185) and the net assets of the Group were €386.869.890 (31.12.2022: €422.684.358). The financial position, development and performance of the Group as presented in these Interim condensed consolidated financial statements are considered satisfactory.

During the six-month period ended 30 June 2023 the revenue of the Group amounted to €23.858.587 compared to €34.401.613 for the six-month period ended 30 June 2022. The decrease of €10.543.026 is mainly due to the decrease of €3.871.086 and €5.943.705 in revenue from property management and real estate development respectively.

It is noted that the two periods are not comparable as the Group did not consolidate the results of the subsidiary Aphrodite Hills Resorts Limited for the six-month period ended 30 June 2023, after the sale of a 50% stake in said subsidiary in November 2022.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

INTERIM MANAGEMENT REPORT

The operating loss decreased by €5.698.107 from (€10.017.219) for the six-month period ended 30 June 2023 to (€4.319.112) for the six-month period ended 30 June 2022, mainly due to the following:

- the increase in the gross profit by €2.088.529, mainly as a result of the decrease in Group's cost of sales,
- the decrease in general and administration expenses by €4.192.896, which is mainly driven by the decrease in such expenses due to the sale of the Company's 50% stake in Aphrodite Hills Resort Limited, which is not consolidated in the Interim Condensed Consolidated Financial Statements, and
- the reversal of net other gains of €703.185 and turn into net other losses of €316.324, which comprise of impairment charge on land and buildings.

Net finance costs increased by €871.671, from €2.015.874 for the six-month period ended 30 June 2022 to €2.887.545 for the six-month period ended 30 June 2023, mainly due to the increase in the interest rates on the Group's loan facilities.

Other comprehensive income for the period ended 30 June 2023 decreased by €12.390.684, from €9.942.109 for the six-month period to 30 June 2022 to (€2.448.575) mainly due to the revaluation loss on land and buildings.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in notes 5 and 16 of the interim condensed consolidated financial statements.

Share capital

During the period there were changes in the share capital of the Group, as reported in note 14 of the interim condensed consolidated financial statements.

Board of Directors

The members of the Board of Directors as at 30 June 2023 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the period from 1 January 2023 to 30 June 2023.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 19 to the interim condensed consolidated financial statements.

By order of the Board of Directors,



THEMIS SECRETARIAL SERVICES LIMITED

Themis Secretarial Services Limited
Secretary

Limassol, 28 September 2023



**Building a better
working world**

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Report on review of interim condensed consolidated financial statements

To the Members of MHV Mediterranean Hospitality Venture Plc

Introduction

We have reviewed the interim condensed consolidated financial statements of MHV Mediterranean Hospitality Venture Plc (the "Company") and its subsidiaries (the "Group"), which are presented in pages 5 to 34 and comprise the interim condensed consolidated statement of financial position as at 30 June 2023, and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 1 January 2023 to 30 June 2023. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.



Ernst & Young
Ernst & Young Cyprus Ltd

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 28 September 2023

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 1 January 2023 to 30 June 2023

	Note	01/01/2023- 30/06/2023 €	01/01/2022- 30/06/2022 €
Revenue	7	23.858.587	34.401.613
Cost of sales	8	(20.795.231)	(33.426.786)
Gross profit		3.063.356	974.827
Other income		842.654	406.463
General and administration expenses		(7.908.798)	(12.101.694)
Other losses/ (gains) - net		(316.324)	703.185
Operating loss		(4.319.112)	(10.017.219)
Finance income		175.870	-
Finance costs		(3.063.415)	(2.015.874)
Net finance costs		(2.887.545)	(2.015.874)
Share of results of associates		-	88.902
Share of loss from joint venture	11	(892.659)	-
Loss before tax		(8.099.315)	(11.944.191)
Tax		(266.581)	2.033.948
Net loss for the period		(8.365.896)	(9.910.243)
Other comprehensive income			
Revaluation (loss)/gain on land and buildings	9	(3.204.333)	12.885.891
Deferred taxation on revaluation of land		312.097	(2.943.782)
Share of other comprehensive income from joint venture	11	443.661	-
Other comprehensive (loss)/ income for the period		(2.448.575)	9.942.109
Total comprehensive (loss)/ income for the period		(10.814.471)	31.866

Total comprehensive income for the period ended 30 June 2022 includes on line-by-line basis also the six month result of Aphrodite Hills Resort Limited sub-group which after the 50% sale, on 24 November 2022, was reclassified to investments in joint ventures based on its fair value of net assets retained at the date of sale (Note 11). During the period ended 30 June 2023, the Group presents its share of loss from joint venture as a single line.

The notes on pages 12 to 34 form an integral part of these interim condensed consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Note	30/06/2023 €	31/12/2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	9	382.181.386	382.660.863
Right-of-use assets		2.146.858	2.263.067
Intangible assets		3.738.470	3.818.160
Investments in joint ventures	11	26.572.912	26.374.913
Trade and other receivables		35.372.257	34.336.171
Deferred tax assets		2.879.372	2.784.555
		452.891.254	452.237.729
Current assets			
Inventories	12	72.566.694	67.401.865
Trade and other receivables		7.066.061	5.873.129
Financial assets at fair value through profit or loss		1.001	1.001
Cash at bank and in hand	13	17.738.252	37.363.461
		97.372.008	110.639.456
Total assets		550.263.263	562.877.185
EQUITY AND LIABILITIES			
Equity			
Ordinary shares - share capital	14	720	720
Ordinary shares - share premium	14	103.684.313	103.684.313
Redeemable preference shares - share capital	14	120.200	145.200
Redeemable preference shares - share premium	14	120.079.800	145.054.800
Other reserves		116.360.511	118.809.086
Retained earnings		46.624.346	54.990.239
Total equity		386.869.890	422.684.358
Non-current liabilities			
Borrowings	15	73.429.352	74.887.410
Lease liabilities		2.200.421	2.304.919
Deferred tax liabilities		31.547.242	31.871.776
Government grants		3.014.632	3.100.397
		110.191.648	112.164.502

The notes on pages 12 to 34 form an integral part of these interim condensed consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

	Note	30/06/2023 €	31/12/2022 €
Current liabilities			
Trade and other payables		35,446,172	12,143,895
Government grants		129,000	129,000
Bank overdrafts	13	1,998,190	-
Borrowings	15	5,584,895	5,471,491
Lease liabilities		156,835	102,769
Deferred consideration		9,841,480	9,681,975
Current tax liabilities		45,152	499,195
		<u>53,201,725</u>	<u>28,028,325</u>
Total liabilities		<u>163,393,373</u>	<u>140,192,827</u>
Total equity and liabilities		<u>550,263,263</u>	<u>562,877,185</u>

On 28 September 2023 the Board of Directors of MHV Mediterranean Hospitality Venture Plc authorised these interim condensed consolidated financial statements for issue.

.....
Charalambos Michael
Director

.....
Achilleas Dorotheou
Director

The notes on pages 12 to 34 form an integral part of these interim condensed consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2023 to 30 June 2023

	Note	Ordinary share capital €	Preference share capital €	Share premium €	Revaluation reserve €	Retained earnings €	Total €
Balance at 1 January 2022		720	185.200	288.699.113	19.242.217	47.549.918	355.677.168
Comprehensive income							
Net loss for the period		-	-	-	-	(9.910.243)	(9.910.243)
Other comprehensive income for the period		-	-	-	9.942.109	-	-
Total comprehensive income for the period		-	-	-	9.942.109	(9.910.243)	31.866
Transactions with owners							
Redemption of redeemable shares during the period	14	-	(40.000)	(39.960.000)	-	-	(40.000.000)
Total transactions with owners		-	(40.000)	(39.960.000)	-	-	(40.000.000)
Balance at 30 June 2022		720	145.200	248.739.113	29.184.326	37.639.675	315.709.034
Balance at 1 January 2023		720	145.200	248.739.113	118.809.086	54.990.239	422.684.358
Comprehensive income							
Net loss for the period		-	-	-	-	(8.365.896)	(8.365.896)
Other comprehensive loss for the period		-	-	-	(2.448.575)	-	-
Total comprehensive loss for the period		-	-	-	(2.448.575)	(8.365.896)	(10.814.471)
Transactions with owners							
Redemption of redeemable shares during the period	14	-	(25.000)	(24.975.000)	-	-	(25.000.000)
Total transactions with owners		-	(25.000)	(24.975.000)	-	-	(25.000.000)
Balance at 30 June 2023		720	120.200	223.764.113	116.360.511	46.624.346	386.869.890

Share premium is not available for distribution.

The notes on pages 12 to 34 form an integral part of these interim condensed consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2023 to 30 June 2023

The revaluation reserve for land and buildings arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

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 12 to 34 form an integral part of these interim condensed consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 1 January 2023 to 30 June 2023

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(8.099.315)	(11.944.191)
Adjustments for:		
Depreciation of property, plant and equipment	9 3.597.742	3.335.054
Depreciation of right-of-use assets	116.208	356.827
Unrealised exchange loss	-	1.189
Amortisation of intangible assets	79.690	525.237
Share of profit from associates	-	(88.902)
Share of loss from joint ventures	11 892.659	-
Profit from the sale of property, plant and equipment	-	(52.160)
Impairment charge / (Reversal of impairment loss) on buildings	9 316.324	(703.185)
Impairment charge - intangible assets	-	1.469.098
Fair value gains - investment property	-	(100.000)
Interest income	(7.004)	-
Interest expense on lease liabilities	41.968	13.846
Interest expense on bank loans	15 2.427.541	1.466.592
Effective interest income on deferred consideration for the sale of Aphrodite Hills sub-group	(168.866)	-
Effective interest expense on deferred consideration of the acquisition of Parklane Hotels Limited	159.505	-
Finance expenses	319.372	439.975
Amortisation of arrangement fees	15 115.003	94.272
	(209.173)	(5.186.348)
Changes in working capital:		
(Increase)/decrease in inventories	(5.164.829)	4.888.690
(Increase)/decrease in trade and other receivables	(2.707.148)	20.671.116
Increase/(Decrease) in trade and other payables	23.096.002	(10.560.407)
Cash generated from operations	15.014.852	9.813.051
Tax paid	(373.835)	-
Net cash generated from operating activities	14.641.017	9.813.051
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	9 (7.344.818)	(46.737.308)
Dividends received from associate	-	92.454
Net cash used in investing activities	(7.344.818)	(46.644.854)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on redemption of redeemable shares	14 (25.000.000)	(40.000.000)
Repayments of borrowings	15 (1.590.900)	(9.386.761)
Proceeds from borrowings	15 -	30.500.000
Payments of leases liabilities	(32.400)	(326.272)
Interest paid	15 (2.259.121)	(1.643.560)
Payment of loan arrangement fees	15 (37.177)	(1.811.318)

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MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 1 January 2023 to 30 June 2023

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
Note	€	€
Net cash used in financing activities	<u>(28.919.598)</u>	<u>(22.667.911)</u>
Net decrease in cash and cash equivalents	(21.623.399)	(59.499.714)
Cash and cash equivalents at beginning of the period	<u>37.363.461</u>	<u>92.752.411</u>
Cash and cash equivalents at end of the period	13 <u><u>15.740.062</u></u>	<u><u>33.252.697</u></u>

The notes on pages 12 to 34 form an integral part of these interim condensed consolidated financial statements.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

1. Corporate information

Country of incorporation

MHV Mediterranean Hospitality Venture Plc (the "Company") was incorporated in Cyprus on 16 October 2018 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Kyriakou Matsi 16, Eagle House, 6th Floor, Agioi Omologites, 1082 Nicosia, Cyprus.

Change of Company name

On 25 August 2023, the Company changed its name from MHV Mediterranean Hospitality Venture Limited to MHV Mediterranean Hospitality Venture Plc.

Unaudited financial statements

The interim condensed consolidated financial statements for the six months period ended on 30 June 2022 and 2023 respectively, have not been audited by the external auditors of the Company.

Principal activities

The principal activities of the Group remained unchanged from last year. The Group acquires, repositions, manages as well as develops prime real estate assets in exclusive locations across the hospitality, residential and commercial sectors in Cyprus, Greece and the Mediterranean. The Group is also active in retail through its subsidiary MHV Lifestyle Limited.

The Group currently owns, develops and/or operates the following assets:

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Nikki Beach Hotel in Porto Heli in Argolida Greece, through the subsidiary Porto Heli Hotel & Marina S.A.

The "Mare e Sabbia" boutique on the premises of the Parklane, a Luxury Collection Resort & Spa, Limassol, through its subsidiary MHV Lifestyle Limited.

The Group also owns a residential building complex in the district of Pyrgos, Limassol, which is used for the accommodation of Parklane Hotel staff. The property is owned by the subsidiary Stromay Holdings Limited.

Finally, the Group's subsidiary MHV Bluekey One Single Member S.A. has purchased part of the Hotel Porto Paros in Paros Greece. There are agreements in place to acquire the 100% share of this hotel and the relevant purchase price has already been prepaid. These are currently shown in prepayments until the procedures are completed and the legal title deeds are transferred to the subsidiary.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

2. Basis of preparation

These interim condensed consolidated financial statements for the six month period ended 30 June 2023 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union (EU). The interim condensed consolidated financial statements do not include all the information and disclosures that are required for the annual financial statements and must be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113.

3. Accounting policies

The Group has adopted all applicable new and revised International Financial Reporting Standards (IFRS) and the Amendments to IFRS as issued by the International Accounting Standards Board and adopted by the EU, as well as the Interpretations as issued by the International Financial Reporting Interpretations Committee and adopted by the EU, that relate to the Group's operations and are effective 1 January 2023.

None of these had a significant impact on the Group's interim condensed financial statements. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. New accounting pronouncements

At the date of approval of these interim condensed consolidated 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 interim condensed consolidated financial statements of the Group.

5. Critical accounting estimates, judgments and assumptions

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing its interim condensed consolidated financial statements the significant estimates made by the Management of the Group for the implementation of the Group's accounting policies and significant estimates and assumptions were applied as in the consolidated financial statements for the year ended 31 December 2022.

6. Fair value measurement

All assets, liabilities and equity items for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

6. Fair value measurement (continued)

The fair value of property, plant and equipment has been determined by external independent property appraisers who have the appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The most recent external valuations were performed on 30 June 2023, with the exception of the part of the Hotel Porto Paros, acquired by the subsidiary MHV Bluekey One Single Member S.A. This hotel is not currently in use by the Group due to certain disputes with the ex owners and the Management estimated that its fair value as at 30 June 2023 approximates its carrying amount of €34.832.659.

The calculation of fair value for all properties has been categorized in Level 3 of fair value based on the data used in the appraisal technique.

Transfers between levels

There have been no transfers between different levels during the period.

MHV MEDITERRANEAN HOSPITALITY VENTURE PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

6. Fair value measurement (continued)

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

<u>Description</u>	<u>Fair value at 30 June 2023</u> €	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of unobservable inputs to fair values</u>
<u>Property, Plant and Equipment</u>					
Land building Coefficient	77.800.000	Sales comparison approach - Income/ Discounted cash flow approach	Discount rate	11,7%	The higher, the lower the fair value
			Average selling price	€18.200 per sq.m.	The higher, the higher the fair value
			Average construction cost	€3.800 per sq.m	The higher, the lower the fair value
Hotels	255.667.782	Income capitalization method/ Discounted Cash Flow Analysis	Occupancy rate	35% - 75%	The higher, the higher the fair value
			Average room rate	€189 - €454	The higher, the higher the fair value
			Discount rate	9,9% - 10,4%	The higher, the lower the fair value
Land under development	5.550.000	Sales comparison approach	Average selling price - residential plot	€5.280 per sq.m.	The higher, the higher the fair value
			Average selling price - commercial plot	€246 per sq.m.	The higher, the higher the fair value
			Average selling price - empty plot	€128 per sq.m.	The higher, the higher the fair value

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

6. Fair value measurement (continued)

<u>Description</u>	<u>Fair value at 30 June 2023</u> €	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of unobservable inputs to fair values</u>
Residential properties	8.228.000	20% Depreciated Replacement Cost and 80% Discounted Cash Flow Analysis	Average purchase price of plot	€180 per sq.m.	The higher, the lower the fair value
			Average cost of construction per sq.m. - walled areas/covered areas	€1.500/€750 per sq.m.	The higher, the lower the fair value
			Average selling price per sq.m.	1st Floor: €3.440 - €3.540 2nd Floor: €3.700 - €3.800 Corner flats: 2% higher Common areas (kitchen) €3.000	The higher, the higher the fair value
			Discount rate	6,75%	The higher, the lower the fair value
Hotel Porto Paros	34.832.659	Purchase price			

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

6. Fair value measurement (continued)

<u>Description</u>	<u>Fair value at 31 December 2022</u> €	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of unobservable inputs to fair values</u>
<u>Property, Plant and Equipment</u>					
Land building Coefficient	78.600.000	Sales comparison approach - Income / Discounted cash flow approach	Discount rate	11%	The higher, the lower the fair value
			Average selling price	€18.200 per sq.m.	The higher, the higher the fair value
			Average construction cost	€3.800 per sq.m	The higher, the lower the fair value
Hotels	254.738.092	Income capitalization method/ Discounted Cash Flow Analysis	Occupancy rate	44% - 74%	The higher, the higher the fair value
			Average room rate	€184 - €496	The higher, the higher the fair value
			Discount rate	9,4% - 10%	The higher, the lower the fair value
Land under development	5.430.000	Sales comparison approach	Average selling price - residential plot	€5.148 per sq.m.	The higher, the higher the fair value
			Average selling price - commercial plot	€242 per sq.m.	The higher, the higher the fair value
			Average selling price - empty plot	€127 per sq.m.	The higher, the higher the fair value

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

6. Fair value measurement (continued)

<u>Description</u>	<u>Fair value at 31 December 2022</u> €	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of unobservable inputs to fair values</u>
Residential properties	8.246.000	20% Depreciated Replacement Cost and 80% Discounted Cash Flow Analysis	Average purchase price of plot	€180 per sq.m.	The higher, the lower the fair value
			Average cost of construction per sq.m. - walled areas/covered areas	€1.500/€750 per sq.m.	The higher, the lower the fair value
			Average selling price per sq.m.	1st Floor: €3.600 - €3.700 2nd Floor: €3.700-€3.800 Corner flats: 2% higher Common areas (kitchen) €3.000	The higher, the higher the fair value
			Discount rate	11,1%	The higher, the lower the fair value

Sensitivity of Management's estimates 30 June 2023

<u>Description</u>	<u>Change</u>
Property, plant and equipment	
Land building Coefficient	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€73.048.000 - €85.570.000
Hotels	
Change in occupancy rate	+/- 10%
Discount rate change	+/- 10%
Change in average room rate	+/- 10%
Fair value range based on changes in key estimates	€242.750.000 - €274.280.000
Land under development	
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€4.990.000 - €6.110.000
Residential properties	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€7.521.000- €8.948.000

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

6. Fair value measurement (continued)

Sensitivity of Management's estimates 31 December 2022

<u>Description</u>	<u>Change</u>
Property, plant and equipment	
Land building Coefficient	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€74.040.000 - €86.470.000
Hotels	
Change in occupancy rate	+/- 10%
Discount rate change	+/- 10%
Change in average room rate	+/- 10%
Fair value range based on changes in key estimates	€219.370.000 - €296.580.000
Land under development	
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€4.890.000 - €5.970.000
Residential properties	
Discount rate change	+/- 10%
Change in selling price	+/- 10%
Fair value range based on changes in key estimates	€7.516.000- €8.996.000

7. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

Disaggregation of revenue	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
	€	€
Hotel Operations	20.192.942	18.662.589
Property management	-	3.871.086
Real estate development	3.278.133	9.221.838
Boutique sales	119.398	85.033
Other operations	268.114	2.561.067
	23.858.587	34.401.613

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

8. Cost of sales

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
	€	€
Changes in inventories	3.234.212	6.667.830
Salaries	8.100.573	10.146.580
Purchases	3.155.419	5.225.576
Direct costs - goods, materials and services	97.666	339.611
Other direct costs	2.410.307	5.535.977
Departmental expenses	2.490.471	2.484.660
Commissions payable	604.456	678.112
Entertainment	281.893	287.787
Gardening expenses	117.796	376.166
Uniforms	8.463	4.688
Repairs & Maintenance	293.976	1.679.799
	<u>20.795.231</u>	<u>33.426.786</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

9. Property, plant and equipment

	Land and buildings	Property under construction	Cutlery, linen & uniforms	Motor vehicles	Furniture, fixtures and office equipment	Computer hardware	Total
	€	€	€	€	€	€	€
Cost or valuation							
Balance at 1 January 2022	257.415.429	254.596	2.269.879	211.312	43.007.183	4.286.032	307.444.431
Reclassification	(13.655.207)	7.837.644	79.235	-	3.690.405	53.850	(1.994.073)
Additions	39.924.396	15.668.132	155.022	-	1.001.328	118.682	56.867.560
Write off of property, plant and equipment	-	-	-	-	(10.002.794)	-	(10.002.794)
Disposals from disposals of subsidiaries	(68.726.875)	-	-	-	(19.921.564)	(3.395.739)	(92.044.178)
Revaluation adjustment	132.960.475	-	-	-	-	-	132.960.475
Reversal of impairment charge	2.116.104	151.890	-	-	-	-	2.267.994
Balance at 31 December 2022/ 1 January 2023	350.034.321	23.912.262	2.504.136	211.312	17.774.557	1.062.825	395.499.413
Reclassification	2.723.061	(2.723.061)	-	-	-	-	-
Additions	386.317	6.505.466	98.096	17.700	315.268	21.971	7.344.818
Reclassification to deposits and prepayments	(705.897)	-	-	-	-	-	(705.897)
Revaluation adjustment	(3.204.333)	-	-	-	-	-	(3.204.333)
Impairment reversal/(charge)	2.353.557	(2.669.881)	-	-	-	-	(316.324)
Balance at 30 June 2023	351.587.025	25.024.786	2.602.233	229.012	18.089.826	1.084.796	398.617.678
Depreciation							
Balance at 1 January 2022	12.450.139	-	-	129.387	30.126.744	3.337.439	46.043.709
Reclassification	(1.994.074)	-	-	-	318	(318)	(1.994.074)
Charge for the year	5.394.758	-	-	6.762	2.164.512	245.256	7.811.288
Disposals from disposals of subsidiaries	(9.413.479)	-	-	-	(17.959.834)	(2.670.865)	(30.044.178)
Write off of property, plant and equipment	-	-	-	-	(8.978.195)	-	(8.978.195)
Balance at 31 December 2022/ 1 January 2023	6.437.344	-	-	136.149	5.353.545	911.512	12.838.550
Charge for the period	2.698.476	-	-	22.901	768.418	107.947	3.597.742
Balance at 30 June 2023	9.135.820	-	-	159.050	6.121.963	1.019.459	16.436.292
Net book amount							
Balance at 30 June 2023	342.451.205	25.024.786	2.602.233	69.962	11.967.863	65.337	382.181.386
Balance at 31 December 2022	343.596.977	23.912.262	2.504.136	75.163	12.421.012	151.313	382.660.863

During the year 2022, property under construction of €10.869.046 of the subsidiary, Parklane Hotels Limited, was reclassified to the appropriate category of property and equipment as it was completed and it was ready for use.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

9. Property, plant and equipment (continued)

During the year 2022, buildings with a net book value of €18.706.690 (cost €20.700.764 minus accumulated depreciation €1.994.074) of the subsidiary, The Cyprus Tourism Development Company Limited, were reclassified to Buildings under construction as the hotel is currently under renovation.

The land and buildings have been used as collateral in the Group's loan agreements, as mentioned in note 15.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	30/06/2023	31/12/2022
	€	€
Cost	224.867.404	218.681.518
Accumulated depreciation	(9.135.820)	(6.437.344)
Net book amount	<u>215.731.584</u>	<u>212.244.174</u>

Fair value hierarchy

The methodology and information used to estimate fair values at the date of transfer are given in note 6.

10. Investments in subsidiaries

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	30/06/2023 Holding %	31/12/2022 Holding %
The Cyprus Tourism Development Company Limited	Cyprus	Hotels, tourism and real estate	100	100
Parklane Hotels Limited	Cyprus	Hotels, tourism and real estate	100	100
Porto Heli Hotel & Marina S.A	Greece	Hotels, tourism and real estate	100	100
MHV Lifestyle Limited	Cyprus	Retail	100	100
Stromay Holdings Limited	Cyprus	Holding of investments	100	100
MHV Bluekey One Single Member S.A.	Greece	Hotels, tourism and real estate	100	100
Parklane Beach Bar Limited (indirect)	Cyprus	Dormant	100	100

All subsidiaries are included in the consolidation.

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Period from 1 January 2023 to 30 June 2023

11. Investments in joint ventures

	30/06/2023	31/12/2022
	€	€
Balance at 1 January	26.374.913	8.978
Additions as a result of partial disposal of subsidiary	-	27.169.139
Share of joint venture loss	(892.659)	(165.146)
Issue of share capital	646.997	-
Dividends received	-	(646.997)
Group's share of other comprehensive income	443.661	8.939
Balance at 30 June/31 December	<u>26.572.912</u>	<u>26.374.913</u>

The details of the joint ventures are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	30/06/2023 Holding %	31/12/2022 Holding %	30/06/2023 €	31/12/2022 €
L'Union Branded Residences	Cyprus	Dormant	50	50	8.978	8.978
Aphrodite Hills Cyprus Resort Limited sub-group		Hotels, Tourism and Real Estate	50	50	<u>26.563.934</u>	<u>26.365.935</u>
					<u>26.572.912</u>	<u>26.374.913</u>

Up to 24 November 2022, the Group owned 100% in Aphrodite Hills Resort Limited sub-group, which was classified as a subsidiary and was fully consolidated up to that date. On 24 November 2022, the Group sold its 50% share and the remaining 50% investment was then classified as investment in joint ventures based on its fair value at the date of sale.

The joint venture investment in Aphrodite Hills Resort Limited sub-group, comprises of Aphrodite Hills Resort Limited and its following subsidiaries and associate:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2023 Holding %
Aphrodite Hotels Limited	Cyprus	Hotels, Tourism and Real Estate	50
Aphrodite Hill Services Limited	Cyprus	Provision of drainage and security services to properties located at Aphrodite Hills	50
Aphrodite Hills Property Management Limited	Cyprus	Provision of repairs, maintenance and rentals to owners/residents	50

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

11. Investments in joint ventures (continued)

The Aphrodite Tennis & Spa Limited	Cyprus	Operation of a tennis academy	50
Aphrodite Hills Pantopoleion Limited	Cyprus	Operation of supermarkets at Aphrodite Hills	22,5

Significant aggregate amounts in respect of Joint Venture 'Aphrodite Hills Resort Limited - sub-group':

	30/06/2023
	€
Non-current assets	78.481.732
Current assets	48.739.465
Non-current liabilities	(43.992.042)
Current liabilities	(30.101.286)
Net assets (100%)	53.127.869
Group's share of net assets (50%)	26.563.934
Carrying amount of interest in joint venture	26.563.934
Revenue	17.044.356
Cost of sales	(14.557.961)
Other income	259.367
Marketing and administrative expenses	(4.531.990)
Net finance costs	(871.479)
Share of loss of associate	97.052
Tax	779.336
Loss for the period (100%)	(1.785.319)
Other comprehensive income (100%)	887.323
Loss and total comprehensive income (100%)	(897.323)
Group's share of loss (50%)	(892.659)
Group's share of other comprehensive income (50%)	443.661

12. Inventories

	30/06/2023	31/12/2022
	€	€
Finished products	1.876.711	1.438.277
Stock of completed property	25.826.113	28.753.186
Land under development	44.863.870	37.210.402
	72.566.694	67.401.865

The cost of inventories recognised as expense and included in "cost of sales" amounted to €3.234.212 (2022: €6.667.830).

Inventories are stated at cost.

The Group's inventories have been used as collateral in the loan agreements, as mentioned in note 15.

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Period from 1 January 2023 to 30 June 2023

13. Cash at bank and in hand

	30/06/2023	31/12/2022
	€	€
Cash in hand	396.787	131.850
Cash at bank	17.341.465	37.231.611
	<u>17.738.252</u>	<u>37.363.461</u>

An amount of €798.215 (2022: €799.235) is held for the repayment of the forced acquisition of the previous shareholders, of the Company "The Cyprus Tourism Development Company Limited" during the year 2019.

An amount of €291.078 (2022: €291.078) is held as reserve on the deposit accounts of the subsidiary Porto Heli Hotel & Marina S.A. to secure debt service.

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents include the following:

	30/06/2023	31/12/2022
	€	€
Cash at bank and in hand	17.738.252	37.363.461
Bank overdrafts	(1.998.190)	-
	<u>15.740.062</u>	<u>37.363.461</u>

14. Share capital

	2023	2023	2022	2022
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	1.000	1.000	1.000	1.000
Preference shares of €0,01 each	1	0,01	1	0,01
Redeemable preference shares of €1 each	196.789	196.789	196.789	196.789
	<u>197.790</u>	<u>197.789,01</u>	<u>197.790</u>	<u>197.789,01</u>
Issued and fully paid				
Balance at 1 January	145.920	145.920	185.920	185.920
Redemption of Redeemable preference shares	(25.000)	(25.000)	(40.000)	(40.000)
Balance at 30 June/31 December	<u>120.920</u>	<u>120.920</u>	<u>145.920</u>	<u>145.920</u>

On 31 May 2022 the Company redeemed 40.000 of the redeemable preference shares as follows:

- 8.000 redeemable preference shares of nominal value €1 each held by Flowpulse Limited for a total amount of €8.000.000 being the aggregate amount of the consideration for which they were issued;
- 10.000 redeemable preference shares of nominal value €1 each held by Prodea Real Estate Investment Company S.A. for a total amount of €10.000.000 being the aggregate amount of the consideration for which they were issued;
- 17.000 redeemable preference shares of nominal value €1 each held by Papabull Investments Limited for a total amount of €17.000.000 being the aggregate amount of the consideration for which they were issued;
- 5.000 redeemable preference shares of nominal value €1 each held by Ascetico Limited for a total amount of €5.000.000 being the aggregate amount of the consideration for which they were issued.

On 12 January 2023, the Company redeemed 25.000 of the redeemable preference shares as follows:

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

14. Share capital (continued)

a) 5.000 redeemable preference shares of nominal value €1 each held by Flowpulse Limited for a total amount of €5.000.000 being the aggregate amount of the consideration for which they were issued;

b) 6.250 redeemable preference shares of nominal value €1 each held by Prodea Real Estate Investment Company S.A. for a total amount of €6.250.000 being the aggregate amount of the consideration for which they were issued;

c) 10.625 redeemable preference shares of nominal value €1 each held by Papabull Investments Limited for a total amount of €10.625.000 being the aggregate amount of the consideration for which they were issued;

d) 3.125 redeemable preference shares of nominal value €1 each held by Ascetico Limited for a total amount of €3.125.000 being the aggregate amount of the consideration for which they were issued.

15. Borrowings

	30/06/2023	31/12/2022
	€	€
Balance at 1 January	80.358.901	107.568.450
Additions	-	30.500.000
Repayment of principal	(1.590.900)	(24.204.547)
Repayment of interest	(2.259.121)	(3.745.148)
Disposals from disposal of subsidiaries	-	(32.523.396)
Interest of the year	2.427.541	3.958.991
Arrangement fees paid	(37.177)	(1.811.318)
Amortisation of arrangement fees	115.003	615.869
Balance at 30 June/31 December	<u>79.014.247</u>	<u>80.358.901</u>

	30/06/2023	31/12/2022
	€	€
Current borrowings		
Bank loans	5.584.895	5.471.491
Non-current borrowings		
Bank loans	<u>73.429.352</u>	<u>74.887.410</u>
Total	<u>79.014.247</u>	<u>80.358.901</u>

Maturity of non-current borrowings:

	30/06/2023	31/12/2022
	€	€
Within one year	5.584.895	5.471.491
Between one and five years	73.429.352	14.561.570
After five years	-	60.325.840
	<u>79.014.247</u>	<u>80.358.901</u>

Loan amounting to: €3.756.111 (Porto Heli Hotel & Marina S.A)

In March 2020, the subsidiary issued a Bond Loan Program, with Piraeus Bank as paying agent and representative of the Bondholders. The purpose of the Loan was on the one hand the partial refinancing of equity with the return of the relevant amount to the previous parent company, on the other hand the financing of renovation investment of the hotel complex within 2020.

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Period from 1 January 2023 to 30 June 2023

15. Borrowings (continued)

To secure the bank loan, a mortgage has been registered on the company's property. There is also a pledge on the insurance policy and deposit accounts and on the shares of the company. Some of the financial indicators of the loan agreement which are assessed on an annual basis, were not observed on 31 December 2022 and for this reason the company obtained a waiver on the financial covenants for the year 2022 by the lending bank. The loan was classified as short-term. Management is also in discussions with the bond lender to sign an amendment to the loan agreement in the near future.

Loan amounting to: €46.009.554 (Parklane Hotels Limited)

On 8 July 2021 (the loan agreement date), Parklane Hotel Limited obtained loan facilities of €70.000.000 from Eurobank, split as follows:

- Facility A: a total of €50.000.000 which is repayable with 6-month loan repayments on the 12 years anniversary of the loan agreement date, and

- Facility B: a total of €20.000.000 which is repayable with 6-month loan repayments on the 5 and a half year anniversary of the loan agreement date. The Facility B was fully repaid during the year ended 31 December 2022.

The bank loans are secured as follows:

- By first rank mortgage over the company's properties.
- By first rank pledge over the company's shares.
- By first rank floating charge over the company's assets.
- By first rank charge over the company's bank accounts.
- By assignment of the company's receivables and insurance policies.

The loan is subject to a floating interest rate equal to 6 months Euribor plus a margin of 2,75% per annum. If the company's "Total Debt to EBITDA" ratio is below 5,5 times, such margin shall decrease to 2,4%.

Loan amounting to: €29.248.582 (The Cyprus Tourism Development Company)

On 28 January 2022, The Cyprus Tourism Development Company Limited signed a term loan facility agreement of up to € 82.000.000 with Alpha Bank S.A. with an interest of 3 month Euribor (or zero if negative) plus margin (margin 2,95% for development facility and 2,75% for investment facility). The loan consists of two tranches (tranche A and tranche B).

Tranche A is up to €30.500.000 and is for the purpose of partial repayment of the existing debt, partial funding of the working capital and partial financing of fees. As at 30 June 2023, the balance of tranche A amounted to €29.248.582 (including accrued interest).

Tranche B of the development facility is up to €51.500.000 and is for the purpose of partial financing of the hotel renovation, partial financing of the office tower development costs and partial financing of interest during construction (IDC), fees and DSRA.

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Period from 1 January 2023 to 30 June 2023

15. Borrowings (continued)

The bank loans are secured as follows:

- First rank mortgage on the land and development (including hotel and office tower) securing 130% the facility and hedging.
- Guarantee to be provided by the shareholder in relation to the obligation to cover a) any construction time and cost overruns of the project, b) any obligations for return to buyers of advance payments /installments received from residential tower sale/pre-sale agreements, in case of cancellation of the respective sales/pre-sales, c) any shortfall in case of not realisation of the office tower sale to Prodea (i.e. reduction of the development facility balance to €46.500.000 upon project completion) or the actual acquisition price achieved for the office tower being lower than €70.000.000 (i.e. completion of the project development) and d) any other material economic/financial obligations of the borrower potentially identified during the due diligence phase, to be released on the Ramp Up Trigger Date.
- Pledge over borrower's shares.
- Assignment/pledge of borrowers receivables. Pledge over future receivables deriving from the office tower, to be released upon acquisition of the office tower by Prodea.
- Assignment/pledge of the key project documents and stemming LGs.
- Assignment of the Prodea Forward Purchase Agreement with Prodea.
- Assignment / pledge on movable assets.
- Floating charge on borrower's assets.
- Pledge of project accounts.
- Pledge of insurances, the facility agent to be named first loss payee.
- Direct agreements with the project manager and the contractor, in form and in substance satisfactory to the lenders, ensuring inter alias lenders step in rights.
- Acknowledgment letter by the hotel franchisor, in form and in substance satisfactory to the lenders, ensuring inter alias lenders step in rights.
- Assignment/pledge/subordination of shareholder loans.
- Subordination of the Prodea Forward Purchase Agreement initial installments.
- Assignment/pledge of VAT receivables.
- Assignment/pledge of the hedging agreement.

16. Operating Environment of the Group

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. 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

16. Operating Environment of the Group (continued)

The impact on the Group 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 Group has exposures in Ukraine, the Russian Federation and Belarus as part of its clientele originated from these countries. As mentioned below the Group has taken measures to diversify its customer base.

Operating in Russia, Belarus and Ukraine involves some risk of political instability, which may include changes in government, negative policy shifts and civil unrest. Financial and economic sanctions imposed by the global community on certain sectors of the Russian economy as well as businesses and individuals in Russia in the first quarter of 2022, and the counter-measures imposed by Russia on the United States of America, United Kingdom and European Union, may potentially pose a risk to the Company's operations. These factors may have a negative impact on the Company's liquidity, capital flows and ability of the Company to secure external financing.

The Group actively monitors political developments on an ongoing basis. However, the macroeconomic situation in Ukraine, Russia and Belarus is out of Management's control. The scope and impact of any new potential sanctions (and any counter-sanctions) is yet unknown, however they might further affect key Russian financial institutions as well as companies operating in the Russian Federation and Belarus.

Management is in the process of reassessing their trading and relevant cash flows using revised assumptions and incorporating downside scenarios in assessing actual and potential financing needs, taking into consideration the main impacts identified above.

The Group's management has proactively taken the following measures:

- Reduction in operational costs and renegotiated payment terms with key suppliers and creditors
- Entrance into new contractual terms with new tour operators and agents with the aim to attract alternative markets from Middle East, UK and Central Europe
- Focus on local market
- Actions to sale or long-term leasing of stock of completed property and land under development

Management will continue to monitor the situation closely and assess/seek additional measures/committed facilities as a fall-back plan in case the crisis becomes prolonged.

17. Related party transactions

As of 30 June 2023, the shareholders of the Company were: Ascetico Limited with 55%, Prodea Real Estate Investment Company S.A with 25% and Flowpulse Limited with 20%.

As of 31 December 2022, the shareholders of the Company were: Yoda Plc with 42.5%, Prodea Real Estate Investment Company S.A with 25%, Flowpulse Limited with 20% and Ascetico Limited with 12.5%.

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17. Related party transactions (continued)

The following transactions were carried out with related parties:

17.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
	€	€
Directors' remuneration	496.155	373.424
	496.155	373.424

17.2 Sales and other income

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
<u>Nature of transactions</u>	€	€
Prodea Real Estate Investment Company S.A. Accommodation income	9.367	2.550
Invel Real Estate Management Ltd Accommodation income	3.953	33.019
Aphrodite Hills Pantopoleion Limited Rental income	-	46.592
Invel Real Estate Advisors LLP Accommodation income	1.400	-
Yoda Plc (shareholder) Accommodation income and F&B services	65.974	19.986
	80.694	102.147

The related party transactions were made on arm's length basis.

17.3 Purchases and other expenses

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
<u>Nature of transactions</u>	€	€
Invel Real Estate Management Ltd Consulting services	450.000	-
Aphrodite Hotels Limited Trade	-	2.122
	450.000	2.122

The related party transactions were made on arm's length basis.

17.4 Receivables from related parties

<u>Name</u>	<u>Nature of transactions</u>	30/06/2023	31/12/2022
		€	€
MHV IA Limited	Financing	37.562	16.999
Flowpulse Limited	Financing	-	2.510
Aphrodite Hills Resort Limited	Dividends receivable	-	646.997
Aphrodite Hills Resort Limited	Recharge of expenses	46.067	136
Invel Real Estate Advisors LLP	Trade	-	1.205
Invel Real Estate Management Ltd	Trade	26.993	35.355
Prodea Real Estate Investment SA	Trade	3.201	-
Yoda Plc (shareholder)	Trade	27.943	-
		141.766	703.202

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

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Period from 1 January 2023 to 30 June 2023

17. Related party transactions (continued)

17.5 Payables to related parties

<u>Name</u>	<u>Nature of transactions</u>	30/06/2023	31/12/2022
		€	€
MHV IA Limited	Trade	1.000	1.000
Aphrodite Hills Resort Limited	Trade	-	2.200
		1.000	3.200

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

17.6 Debit balances of current accounts of shareholders / directors

	30/06/2023	31/12/2022
	€	€
Shareholder (individuals)	-	72.506
	-	72.506

The directors'/shareholders' current accounts are interest free, and have no specified repayment date.

17.7 Directors'/ Shareholders' current accounts - credit balances

	30/06/2023	31/12/2022
	€	€
Director	1.740	1.740
	1.740	1.740

The directors'/shareholders' current accounts are interest free, and have no specified repayment date.

18. Contingent liabilities

MHV MEDITERRANEAN HOSPITALITY VENTURE LIMITED

Eurobank Cyprus Limited and Parklane Hotels Limited have entered into a facility agreement dated July 8, 2021 for an amount up to €70.000.000. As a condition of the agreement, MHV Mediterranean Hospitality Venture Limited grants to Eurobank Cyprus Limited a pledge and first rank security for the entire pledged property (all its shares and all its participations in the Parklane Hotels Limited). MHV Mediterranean Hospitality Venture Limited guarantees and agrees with Eurobank Cyprus Limited that it will pay the Secured Liabilities on demand when they become due and agrees to indemnify the Security Agent for any losses, costs, charges, expenses and liabilities incurred from any breach or inability to pay.

MHV Mediterranean Hospitality Venture Limited is the registered and legal holder of 34.980.292 common shares with a nominal value of €0,17 each, representing 50% of the total issued share capital of Aphrodite Hills Resort Limited. Without prejudice to the provisions of Aphrodite Hills Resort Limited facility agreement, MHV Mediterranean Hospitality Venture Limited binds and charges through a fixed interest of first priority: shares, stock certificates and / or any relevant document proving ownership of all shares, any dividends or interest or other distribution paid or payable in connection with any of the above and any rights, money or assets raised or offered at any time, in relation to any of the above through redemption, replacement, exchange, conversion, bonus, preference or other, on an optional basis or otherwise.

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Period from 1 January 2023 to 30 June 2023

18. Contingent liabilities (continued)

The Company's 100% subsidiary Porto Heli Marina S.A, issued bonds in an aggregate principal amount of €4.250.000 all of which have been purchased by Piraeus Bank SA. under terms of the Greek law governed bond loan program dated 20 March 2020. As a security for the obligations of the Issuer under the Bond Loan the previous shareholder of the Issuer under the corporate name EIDIKOU SKOPOU DEKA EPTA S.A. (the "Initial Pledgor") granted a first ranking share pledge in favour of the bank over all of its shares in the Issuer. Pursuant to share purchase agreement dated 8 April 2021 between the Initial Pledgor and the Company the former sold and transferred to the latter 1.405 common nominal shares of €33,00 each which constitute the total 100% issued shares of the Issuer and as a result the Company became the sole shareholder of the Issuer. The Company enters into the transactions contemplated by the Share Pledge Agreement and meets all of its obligations thereunder.

Alpha Bank Cyprus S.A. and The Cyprus Tourism Development Company Limited ("CTDC") have entered into a facility agreement dated January 28, 2022 for an amount of up to €82.000.000. As a condition to the Agreement, MHV Mediterranean Hospitality Venture Limited grants to Alpha Bank Cyprus Limited a pledge and first rank security for the entire Pledged Property (all its shares and all its participations in CTDC). MHV Mediterranean Hospitality Venture Limited guarantees and agrees with Alpha Bank S.A. that it will pay the Secured Liabilities and Obligations on demand when they become due and agrees to indemnify the Security Agent for any losses, costs, charges, expenses and liabilities incurred from any breach or inability to pay.

APHRODITE HILLS RESORT LIMITED (AHRL)

AHRL has entered into agreements with contractors and subcontractors for the development of the residential project Alexander Heights Phase B, Aeneas, Dionysus Greens Phase A and Poseidon. As at 30 June 2023, the remaining value of these contracts to which the Company is committed to make payments amounts to €3.7 million (2022: €5.3 million). These commitments are expected to be settled upon completion of the respective projects.

AHRL group companies are guarantors for bank facilities granted to AHRL and their shares are pledged for the same purpose.

THE CYPRUS TOURISM DEVELOPMENT COMPANY LIMITED

On 19 April 2023 CTDC entered a contract with K. Athienitis Contractors Limited for the construction of an office and a residential tower, including an underground parking, at the land plot of the Landmark Nicosia, Cyprus pursuant to a letter of award dated 6th September 2022, with a contract value of €56.4 million.

On 28 April 2023 CTDC signed with Depcon Construction Limited a letter of award of works for the renovation of Landmark Hotel Nicosia for a lump-sum amount of €10.5 million. As at the date of these interim financial statements, a formal final works contract with the contractor is yet to be signed.

There is currently a number of labor dispute cases brought in front of court against The Cyprus Tourism Development Company Limited dating back to 2018 and 2019. In case the court outcome is not favorable for the company, it is estimated that the total liability for all cases will not exceed €180 thousands.

PARKLANE HOTELS LIMITED

There are currently two court cases against Parklane Hotels Limited in relation to certain terms of two lease agreements at Park Tower. Should the court outcome is not favorable for the company, it is estimated that total liability for both cases will not exceed €380 thousands.

The Group had no other contingent liabilities and commitments as at 30 June 2023 and 31 December 2022.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 June 2023

19. Events after the reporting period

On 21 July 2023 the Company passed a written resolution through which the authorised share capital of the Company increased from €197.789,01 to €120.397.790 divided into 120.201.000 ordinary shares of nominal value €1.00 each, 196.789 redeemable preference shares of nominal value €1.00 each and 100 redeemable preference shares of nominal value €0.01 each.

On the same date, the following number of redeemable preference shares held by the shareholders of the Company redeemed at a nominal value €1.00 plus premium of €999 per redeemable preference share: Flowpulse Limited - €24.040.000, Prodea Real Estate Investment Company S.A. - €30.050.000 and Ascetico Limited - €66.110.000, leading to an aggregate €120.200.000.

Additionally, the Company issued and allotted 120.200.000 ordinary shares (pro rata to their current shareholding in the Company) on the same date for a nominal value of €1.00 each to the following shareholders of the Company: 24.040.000 ordinary shares to Flowpulse Limited, 30.050.000 ordinary shares to Prodea Real Estate Investment Company S.A. and 66.110.000 ordinary shares to Ascetico Limited. The total redemption value of €120.200.000 settled off against the total issue and allotment value of €120.200.000. As a result, the 120.200.000 ordinary shares issued as at 21 July 2023 were deemed as fully paid up.

After the redemption and the issuance and allotment of shares, the Company passed a written resolution through which the authorised share capital of the Company was first consolidated, converted and redominated to €120.397.790 divided into 120.201.000 ordinary shares of nominal value €1.00 each and 196.790 redeemable preference shares of nominal value €1.00 each and then converted and reclassified to €120.397.790 divided into 120.397.790 ordinary shares of nominal value €1.00 each. The issued share capital of the Company remained €120.200.720 divided into 120.200.720 ordinary shares of nominal value of €1.00 each.

On 21 July 2023, the Company passed a written resolution for the re-registration and conversion of the Company to a public limited liability company ("PLC") with the ultimate aim to list its ordinary shares on the Emerging Companies Market ("ECM") of the Cyprus Stock Exchange ("CSE") so that they are admitted to trading (the "Listing"). In this respect, the Company's articles of association have been amended and the existing shareholders, Flowpulse Limited and Ascetico Limited transferred a part of their shares to nine new individual shareholders, so that the Company meets the requirements of the Cyprus Stock Exchange to have at least ten shareholders. Following this transfer, the shareholders of the Company are Ascetico Limited with 54,999%, Prodea Real Estate Investment Company S.A with 25%, Flowpulse Limited with 19,999% and other shareholders with 0,002%.

On 25 August 2023, the Company changed its name from MHV Mediterranean Hospitality Venture Limited to MHV Mediterranean Hospitality Venture PLC.

On 30 August 2023, CTDC signed a franchise agreement and related ancillary agreements with Global Hospitality Licensing S.a.r.l. for the addition of Landmark Nicosia, upon opening, to the Marriott "Autograph Collection".

On 6 September 2023, storm Daniel hit the area of Porto Heli, where the Company subsidiary's hotel Nikki Beach at Porto Heli is located. As a result of the heavy rainfall, the basement level of the hotel flooded causing serious damage at the hotel's electro-mechanical infrastructure and auxiliary facilities located in the basement. Consequently, the hotel ceased its operations for the season. The hotel management is currently in the process of assessing and quantifying the damage, both in terms of property and business interruption, in order to present its claim to the insurance company. Third party experts have been hired to assist management in this task. As of the date of these financial statements, there is no quantum yet of the damage claim, nevertheless management is confident that the insurance proceeds will cover the losses to the maximum extent possible.

On 8 September 2023, CTDC proceeded with the utilization of the first instalment of €10 million of Tranche B of its facility agreement with Alpha Bank S.A. in order to finance the ongoing construction project at the Landmark Nicosia.

On 18 September 2023, the Registrar of Companies certified the struck off of the partnership 'L'Union Branded Residences', which is included in investments in joint ventures (note 11).

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Period from 1 January 2023 to 30 June 2023

19. Events after the reporting period (continued)

As explained in note 16 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 interim condensed consolidated financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Group might experience negative results, and impact on its operations after the reporting period. Management will continue to monitor the situation closely and will assess the need for additional measures in case the crisis becomes prolonged.

Except from the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the interim condensed consolidated financial statements.

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