# C3ALLURO RAIF V.C.I.C. LTD

## Annual Report for 2023

## June 2024

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## 1. External Manager and Other Officers

| | |
|---|---|
| External Manager: | IC Realty ltd<br>4 Annis Komninis Street,<br>Solea Building,<br>2nd Floor, Office 202,<br>1060 Nicosia |
| Independent Auditors: | Savva Frangous & Associates Limited<br>4 Annis Komninis Street,<br>Solea Building,<br>3rd Floor, Office 303,<br>1060 Nicosia |
| Depositary: | Mega Equity Securities and Financial Services Public Ltd<br>Griva Digeni, 42-44, 3rd Floor,<br>1080 Nicosia |
| Legal Advisor: | Christys & Co. LLC<br>18 Kyriakou Matsi Street, 2nd Floor,<br>2408 Nicosia |
| Bankers: | Astrobank Ltd |
| Registration Number: | HE410666 |
| License Number: | RAIF45 |

## 2. Management Summary

### 2.1. License

C3ALLURO RAIF V.C.I.C. LTD (the "Fund" or the "RAIF") was established to operate and act as an open-end variable capital investment company incorporated under the Company Law Cap. 113 on 02/07/2020. The Fund was registered by the Cyprus Securities and Exchange Commission (the "CYSEC" or the "Commission") on 14/09/2020 to operate as a RAIF with multiple investment compartments within the concept of the Alternative Investment Funds Law of 2018 (the "AIF Law").

At the beginning of 2023, the Fund maintained two (2) investment compartments, namely FALCON Fund (the "Sub-Fund 2"), under licence number RAIF45_2, and CRANE Fund (the "Sub-Fund 3"), under licence number RAIF45_3. (The Sub-Fund 1 and Sub-Fund 4 were dissolved on 10.10.2022).

### 2.2. Principal activities of the Fund

The principal activities of the Fund are to invest through its Investment Compartments in a variety of asset classes. More specifically, the Sub-Fund 2 assets shall be invested mainly in quality real estate with a promising appreciation of value and/ or with stable income flow and in other investments such as private equity. Quality real estate is deemed primarily to comprise commercial and residential properties located in centres of economic activity, including commercial, residential, industrial other properties and classes of real estate and to a lesser extent in private equity projects. The Sub-Fund 3 pursues its objectives by investing the majority of its net asset value in private equity projects. This may include investment in companies involved in any sector and in any stage.

During 2023, the Sub-Fund 2 have not performed any investments or disinvestments. The Sub-Fund 3 had performed an additional Shareholder contribution towards a Private equity project under its management.

### 2.3. Material changes during the financial year

There were material changes in the information listed in Section 30 of the Alternative Investment Fund Managers Law of 2013 to (No. 2) of 2021 (the "AIFM Law") were implemented during 2023, and specifically relating to the following:

- In December 2023, the External Manager had applied for the change of depository of the C3 ALLURO RAIF V.C.I.C. LTD from EURIVEX LTD to MEGA EQUITY SECURITIES AND FINANCIAL SERVICES PUBLIC LTD;
- In April 2022, two Shareholders of the AIFM, who collectively held 100% of the shares (Shareholder 1: 75%, Shareholder 2: 25%), sold a portion of their shares to

two Partners (Shareholders 3 and 4). Post-transaction, Shareholder 1 owns 25%, Shareholder 2 holds 12.5%, Shareholder 3 holds 12.5%, and Shareholder 4 holds 50%

- On 09.02.2023, an application to CySEC was sent regarding the increase of minimum annual management fees of Sub-Fund 3 from EUR 24,000 to EUR 84,000.

No material changes in the information listed in Section 30 of the Alternative Investment Fund Managers Law of 2013 to (No. 2) of 2021 (the "AIFM Law") were implemented during 2023, relating to the following:

a) The AIF's investment strategy and objectives, the type of assets in which the AIF invests, the techniques that the AIF may employ, associated risks and investment restrictions including the use of leverage,
b) The procedure by which the AIF may change its investment strategy or investment policy or both,
c) Legal implications of the contractual relationship entered into for the purpose of investments,
d) The delegation of any management functions,
e) The AIF's valuation procedure and of the pricing methodology for valuing asset,
f) The AIF's liquidity risk management, including the redemption rights of investors,
g) The procedure and conditions for the issue and sale of units, and
h) Disclosure methodologies used.

## 2.4. External Manager

The RAIF is managed by IC REALTY LTD (the "External Manager"), an Alternative Investment Fund Manager incorporated in Cyprus as a private limited liability company. As per the information provided by the External Manager, the total amount of fixed remuneration paid to the senior management (3 beneficiaries) and to other staff members (3 beneficiaries) was EUR 157,786 No variable remuneration was paid to senior management and members of the staff for the year ended 31 December 2023.

On December 5th 2023, the External Manager has undertaken an additional AIF under management, namely, CLIFF CAPITAL GROWTH AIF V.C.I.C. LTD.

The External Manager fully complies with the provisions of Section 9 of the AIFM Law, that is, it has sufficient capital to cover its minimum capital requirements and cover professional liability risks.

The External Manager has established adequate risk management systems, both organizational elements and policies and procedures to measure and manage risks in relation to the RAIF. To that effect, the External Manager established and maintains a permanent risk management function and documents an adequate overall risk strategy

as well as an adequate risk management policy for the RAIF. It also has taken appropriate functional arrangements to implement its risk management policy and ensure regular reporting on risk management matters to their internal governing bodies.

### 2.5. Principal risks

The Fund may be exposed to the following risks:

**Interest rate risk:** Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Fund's income and operating cash flows are substantially independent of changes in market interest rates as the Fund has no significant interest-bearing assets. The Fund is exposed to interest rate risk in relation to its noncurrent borrowings. Borrowings issued at variable rates expose the Fund to cash flow interest rate risk. Borrowings issued at fixed rates expose the Fund to fair value interest rate risk. The Fund's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

**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 purchasing a debt instrument like a Bond, the Fund is exposed to the credit worthiness of the instrument's issuer. Although, it supersedes other instruments, they are still subject to the financial well-being of the issuer and its ability to repay both interest and principal to the bondholder. The issuer of instruments in which the Fund invests may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating. The Fund will analyze all income and cash flow information as well as overall issuer exposure to debt, prior to investing in the bond instrument.

*i. Risk management*

Credit risk is managed on a group basis. For banks and financial institutions, the Fund has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Fund's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Fund to reduce its credit risk significantly.

*ii. Impairment of financial assets*

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

- cash and cash equivalents
- credit commitments
- financial guarantees.

The impairment methodology applied by the Fund for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Fund applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the financial assets,
- For all other financial assets that are subject to impairment under IFRS 9, the Fund applies general approach - three stage model for impairment. The Fund applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (''12 Months ECL''). If the Fund identifies a significant increase in credit risk (''SICR'') since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (''Lifetime ECL''). If the Fund determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

**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 Fund has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

**Currency Risks:** The euro value of the Fund's foreign investments will be affected by changes in the exchange rates between the euro and the currencies in which those investments are traded. The Fund's foreign investments may be affected by changes in a foreign country's exchange rates, political and social instability, changes in economic or taxation policies, difficulties when enforcing obligations, decreased liquidity, and increased volatility. Foreign companies may be subject to less regulation resulting in less publicly available information about the companies.

**Real Estate Risk:** Investment in real estate can take considerable time both to acquire and to realize. The fund's real estate investments will be subject to the general risks incidental to the ownership of real property, including changes in the supply of, or demand for, properties in an area, changes in the development of a particular area, changes in interest rates and the availability of mortgages, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers, uninsured events and environmental factors. The marketability and value of any properties owned by the fund

on behalf of compartments will, therefore, depend on many factors beyond the control of the fund and there is no assurance that there will be either a ready market for any properties or that such properties will be sold at a profit or will yield a positive cash flow

## 2.6. Results

The Fund's results for the year are set out in the Audited Financial Statements Enclosed as **Appendix 1**.

## 3. Report on the Activities of the Fund for 2023

***Sub-Fund 2:***

As of 31 December 2023, the Sub-Fund had 55,000 Units in issue held by one (1) unitholder. The level of assets under management amounted to EUR 548,090. The decrease was due to the fact that the fund had no activity throughout 2022 and 2023, which resulted in the fund carrying operational expenses without making profits. The net asset value per share as at the year ending 31 December 2023 was EUR 9.96, compared to 9.98 as of the 31st of Dember 2022. On 25th of July 2022, a resolution by the Board of Directors of the AIFM was adopted to waive the Entry Fee, along with the Administration and Management Fees of Sub-Fund 2 until further notice by the AIFM. As of the 31st of December 2023, no changes to this decision have been made.

During the year there were no Subscription, no Redemptions and no Investments or Disinvestments made.

***Sub-Fund 3:***

As of 31 December 2023, the Sub-Fund 3 had 145,938 Units in issue held by one (1) unitholder. The level of assets under management amounted to EUR 1,328,949 compared to EUR 1,379,491 as of 31 December 2022. The decrease is due to the change in the Market Value, and settlement of liabilities of the Sub-Fund. The net asset value per share as at the year ending 31 December 2023 was 8.10 while as of 31 December 2022 it was EUR 9.31.

During the year there was (2) subscriptions totalling 90,938 Units valued at EUR 726,356 at the time of subscriptions were made; and (0) redemptions.

During **2022**, the following were implemented:

1. On **11/07/2022** the Sub-Fund 3 entered to a subscription agreement to subscribe to the ordinary share capital of "EMERY EN LIGHTNEMENT CY LTD",
2. On **12/07/2022** the Sub-Fund 3 entered to an additional subscription agreement to further subscribe to the ordinary share capital of "EMERY EN LIGHTNEMENT CY LTD".

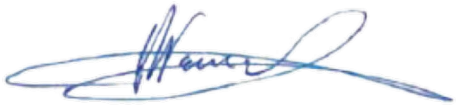
The Sub-Fund 3 holds 38.40% of the shares of "EMERY EN LIGHTNEMENT CY LTD" as of 31 December 2022.

Throughout the year 2023, the Sub-Fund 3 was making contributions in accordance with the Shareholder's resolution dated 12.07.2022. As of the 31.12.2023, the Sub-fund 3 held 38.40% of shares.

## 4. Events after the Reporting Period

- The change of the Depository referred to in paragraph 2.3 of this report for the Umbrella fund was implemented on 16.02.2024 after CySEC's approval.
- On 10.01.2024, the Sub-Fund 3 had finished performing the Shareholder's towards "EMERY EN LIGHTNEMENT CY LTD".
- In February 2024, 1 (one) existing investor and 5 (five) new investors Subscribed to the Sub-Fund 3 for the total of 149,953 units, valued at EUR 1,201,841.47 at the time of subscription. These subscriptions were partially performed in Kind, where 5 investors contributed their shares in "EMERY EN LIGHTNEMENT CY LTD" towards the Sub-Fund 3, which resulted in the Fund's share in "EMERY EN LIGHTNEMENT CY LTD" increasing to 65.33% in accordance with the share certificate dated 12.04.2024.
- In February 2024, Sub-Fund 2 subscribed with cash for the shares of Sub-Fund 3 for the amount of EUR 190,000, acquiring 23,628 Units (one of the investors referred to in the bullet point above)
- On 10.01.2024, he Sub-Fund 3 entered into a Loan Agreement with "EMERY EN LIGHTNEMENT CY LTD" to provide the latter with the Loan in the amount of EUR 500,000.00. The loan was secured by two shareholders of "EMERY EN LIGHTNEMENT CY LTD" pledging their shares in "EMERY EN LIGHTNEMENT CY LTD" as a collateral. The loan was given at a premium of 2.3% per annum for a period of one year with the repayment date set for 10th of January 2025.

Yours sincerely,



Kypros Neocleous,
Executive Director

## 5. Appendix 1 - Audited Financial Statements

# C3ALLURO RAIF V.C.I.C. LTD

FINANCIAL STATEMENTS
31 December 2023

# C3ALLURO RAIF V.C.I.C. LTD

FINANCIAL STATEMENTS
31 December 2023

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# BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Kypros Neocleous<br>Lyubov Leonidou |
| **Company Secretary:** | Roman Bielic Appointed on 8/9/2022<br>Georgiou Drosini 44, MYTHICAL SANDS, Block AH, Office 13<br>5290, Paralimni, Famagusta<br>Cyprus |
| **Independent Auditors:** | SAVVA FRANGOUS & ASSOCIATES LIMITED<br>CHARTERED ACCOUNTANTS<br>Annis Komninis 4<br>Solea Building<br>Office 303<br>Nicosia |
| **Custodian:** | Eurivex Ltd<br>18 Kyriacou Matsi, Victory Tower,<br>1st floor<br>Nicosia, 1082 Cyprus |
| **Investment manager:** | IC Realty Ltd<br>Annis Komninis 4, SOLEA BUILDING, 2nd floor, Flat/Office 202<br>1060, Nicosia<br>Cyprus |
| **Legal Advisers:** | Christys & Co LLC<br>18 Kyriacou Matsi,<br>2nd floor<br>2408 Engomi, Nicosia |
| **Registered office:** | Annis Komninis 4, SOLEA BUILDING, 2nd floor, Flat/Office 202<br>Nicosia<br>1060<br>Cyprus |
| **Bankers:** | Astrobank Limited |
| **Registration number:** | HE410666 |

# FUND BACKGROUND

The Fund "C3ALLURO RAIF V.C.I.C. LTD" was incorporated under the Companies Law, Cap. 113 on 02 July 2020, with registration number HE 410666. The Fund is aprivate company limited by Shares incorporated under the Companies Law, Cap. 113, registered on 14th September, 2020 with registration number RAIF 45 to operate as a Registered Alternative InvestmentFund as an umbrella open-ended variable capital investment company as provided in the AlternativeInvestment Funds Law of 2018.

ACCORDING TO SECTION 139(1) AS PROVIDED IN THE ALTERNATIVE INVESTMENT FUNDS LAW 124(I)/2018:
- THE RAIF IS NOT AUTHORISED BY THE SECURITIES AND EXCHANGE COMMISSION.
- THE RAIF IS ADDRESSED ONLY TO PROFESSIONAL AND/OR WELL INFORMED INVESTORS; AND.
- THE REGISTRATION OF THE RAIF IN THE RAIFS REGISTER IS NOT EQUIVALENT TO AUTHORISATION BY THE SECURITIES AND EXCHANGE COMMISSION.

The Fund is set up as an open-ended umbrella fund with multiple compartments. The minimum assetsrequirement of the Fund will apply to every investment compartment individually.

Each Investment Compartment will operate as a separate RAIF with segregated liability between investment compartments, according to the provisions of the regulations, and all investment compartments will constitute a single legal entity. Each investment compartment of the Fund may issue Shares, which correspond, to the assets of the specific compartment. The value of the Units may vary by Investment Compartment.

CROSS LIABILITY OF INVESTMENT COMPARTMENTS

**Under Cyprus law the assets of one Investment Compartment are not available to satisfy the liabilities of or attributable to another Investment Compartment. However, the Fund may operate or have assets in countries other than Cyprus which may not recognize segregation between Investment Compartments and there is no guarantee that creditors of one Investment Compartment will not seek to enforce one Investment Compartment's obligations against another Investment Compartment.**

Investment objective, strategy and policy

The Fund will invest through its Investment Compartments in a variety of asset classes.

Each sub-fund may have investment limitations and restrictions. These will be stipulated in thesupplement of each sub-fund.

The Fund shall not make any change to the investment objectives of an Investment Compartment, orany material change to the Investment Compartment's investment policy, as set out in the relevantSupplement, unless Unitholders have, in advance, by simple majority of votes cast at a general meetingor with the prior written approval of Unitholders of the relevant Investment Compartment (in accordance with the Articles of Association), approved such change(s).

# STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS RESPONSIBILITIES

The members of the Board of Directors of the Company shall be appointed by the holders of Management Shares and unless and until otherwise holders of Management Shares, members of the Board of Directors shall be two and there shall be no maximum number . The first member of the Board of Directors of the Company shall be appointed in and it shall not be necessary to hold any meeting for that purpose. Any change of the members of the Board of Directors shall be communicated to CySEC without undue delay and in any case before its implementation. In case the CySEC finds that the proposed members are not of good repute and that they lack sufficient knowledge, skills and experience to perform their duties, it shall instruct the Company to immediately replace them and the Company shall comply with the instructions.

A member of the Board of Directors of the Company may be or become a Director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company directly or thought its Sub-Funds may have an interest as a shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company unless the Company otherwise directs.

BORROWING POWERS

The External Manager may exercise all the powers of the Company with the consent of the Management Shareholders to borrow money, and to charge or mortgage its undertaking, property, as well as the Capital that has not been called yet for payment or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party as long as such borrowing powers are provisioned in the Offering Memorandum and its Supplements relating to any relevant Sub-Fund.

- POWERS AND DUTIES OF MEMBERS OF THE BOARD OF DIRECTORS
- The business of the Company shall be managed by the Board of Directors, who may exercise all such powers of the Company as are not, by the Law or by the AIF Law or by these Regulations, required to be exercised by the Company in General Meeting or the Manager, subject, nevertheless to any of these Regulations, to the provisions of the Law or to the AIF Law and to the relevant internal regulations, being not inconsistent with the aforesaid Regulations or provisions as may be prescribed by the Company in General Meeting. But no internal regulation made by the Company in General Meeting shall invalidate any prior act of the Directors, which would have been valid, if that internal regulation had not been made
- The Board of Directors may from time to time and at any time appoint any company, firm or person or body or persons, whether nominated directly or indirectly by the Board of Directors, to be the authorized representative or attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these Regulations) and for such period and subject to such conditions as they may think fit, and any such authorisation or power of attorney may contain such provisions for the protection and convenience of persons dealing with any such authorized representative or attorney as the Directors may think fit and may also authorise any such authorized representative or attorney to delegate all or any of the powers, authorities and discretions vested in him.
- The Board of Directors may appoint an External Manager to manage and administer the Company's affairs and those of its Sub-Funds as provided under section 6(2)(a) of the AIF Law of 2018.

A member of the Board of Directors who is in any way, whether directly or indirectly, interested in a contract or proposed contract or employment with the Company shall declare the nature of his interest at a meeting of the Board of Directors in accordance with section 191 of the Law.

A member of the Board of Directors may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Board of Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration

A member of the Board of Directors may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board of Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

Any member of the Board of Directors may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a member of the Board of Directors ; provided that nothing herein contained shall authorize a Director or his firm to act as auditor of the Company

The Board of Directors shall cause minutes to be made in books provided for the purpose: -

a. of all appointments of officers made by by the Board of Directors;

b. of the names of the members of the Board of Directors present at each meeting of the Directors and of any committee of Board of Directors;

c. of all resolutions and proceedings at all meetings of the Company, and the Board of Directors, and of committees of the Board of Directors.

By order of the Board of Directors,

Kypros Neocleous
Director

Nicosia, 27 June 2024

# Independent Auditor's Report

## To the Members of C3ALLURO RAIF V.C.I.C. LTD

### Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the financial statements of parent company C3ALLURO RAIF V.C.I.C. LTD (the "Company"), which are presented in pages 8 to 25 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 of the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Qualified Opinion

We were unable to obtain sufficient and appropriate audit evidence about the agreement of Net Asset Valuation report provided by the management with the valuation of reedemable shares as at 31 December 2023. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 qualified 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 IFRSs 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.



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For register of directors visit our website at: www.sfa-advisors.com/who-we-are

# Independent Auditor's Report (continued)

## To the Members of C3ALLURO RAIF V.C.I.C. LTD

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional 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.



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For register of directors visit our website at: www.sfa-advisors.com/who-we-are

# Independent Auditor's Report (continued)

## To the Members of C3ALLURO RAIF V.C.I.C. LTD

**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.

Constantinos G. Savva
Certified Public Accountant and Registered Auditor
for and on behalf of
**SAVVA FRANGOUS & ASSOCIATES LIMITED**
**CHARTERED ACCOUNTANTS**

Nicosia, 27 June 2024



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Savva Frangous & Associates Ltd. is registered in Cyprus No. HE 166858
Registered office: 4 Annis Komninis, Office 303, Nicosia 1060, Cyprus
For register of directors visit our website at: www.sfa-advisors.com/who-we-are

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

| | Note | **2023** **€** | 2022 € |
|---|---|---|---|
| Custodian fees | | **(12,501)** | (12,190) |
| Administration fees | | **(4,820)** | (2,094) |
| Directors' fees | | **(2,000)** | (2,000) |
| Audit fees | | **(3,808)** | (4,760) |
| Management and performance fees | | **(84,000)** | (10,000) |
| Annual levy | | **(350)** | (350) |
| License and permits | | **(750)** | (250) |
| Net impairment loss on financial and contract assets | | **(1,064,761)** | - |
| Finance income | 8 | **26** | - |
| Finance costs | 8 | **(1,149)** | (1,959) |
| **Loss before tax** | | **(1,174,113)** | (33,603) |
| Tax | 9 | **-** | - |
| **Net loss for the year** | | **(1,174,113)** | (33,603) |

The notes on pages 12 to 25 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION
31 December 2023

| | Note | 2023 € | 2022 € |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in associates | 10 | **180,400** | 1,245,161 |
| | | **180,400** | 1,245,161 |
| **Current assets** | | | |
| Cash and cash equivalents | 11 | **633,144** | 684,533 |
| Shareholders' current accounts - debit balances | 16 | **10** | 10 |
| **Total assets** | | **813,554** | 1,929,704 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 12 | **10** | 10 |
| Redeemable shares | 13 | **665,587** | 1,066,398 |
| Accumulated losses | | **(33,027)** | (29,656) |
| **Total equity** | | **632,570** | 1,036,752 |
| **Current liabilities** | | | |
| Creditors and accruals | 14 | **36,197** | 27,733 |
| Payables to associates | 16 | **144,494** | 865,219 |
| Payables to unit holder | 16 | **293** | - |
| | | **180,984** | 892,952 |
| **Total equity and liabilities** | | **813,554** | 1,929,704 |

On 27 June 2024 the Board of Directors of C3ALLURO RAIF V.C.I.C. LTD authorised these financial statements for issue.

.....
Kypros Neocleous
Director

.....
Lyubov Leonidou
Director

The notes on pages 12 to 25 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY
31 December 2023

| | Note | Share capital € | Redeemable shares € | Accumulated losses € | Total € |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | | **10** | **-** | **(29,656)** | **(29,646)** |
| Net loss for the year | | - | (33,603) | - | (33,603) |
| **Transactions with owners** | | | | | |
| Issue of share capital | 12, 13 | - | 1,100,000 | - | 1,100,000 |
| Total transactions with owners | | - | 1,100,000 | - | 1,100,000 |
| **Balance at 31 December 2022/ 1 January 2023** | | **10** | **1,066,397** | **(29,656)** | **1,036,751** |
| Net loss for the year | | - | (1,164,596) | (9,517) | (1,174,113) |
| **Transactions with owners** | | | | | |
| Subscription of redeemable shares during the year | 12, 13 | - | 769,931 | - | 769,931 |
| Transfer | | - | (6,146) | 6,146 | - |
| **Balance at 31 December 2023** | | **10** | **665,586** | **(33,027)** | **632,569** |

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.

# CASH FLOW STATEMENT
31 December 2023

| | Note | 2023 € | 2022 € |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Loss before tax** | | **(1,174,113)** | (33,603) |
| Adjustments for: | | | |
| Unrealised exchange profit | | **(26)** | - |
| Impairment charge - investments in associates | 10 | **1,064,761** | - |
| | | **(109,378)** | (33,603) |
| **Changes in working capital:** | | | |
| Increase/(Decrease) in creditors and accruals | | **8,464** | (2,924) |
| (Decrease)/increase in payables to related companies | | **(720,725)** | 865,219 |
| Increase in payables to unit holder | | **319** | - |
| **Cash (used in)/generated from operations** | | **(821,320)** | 828,692 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of investments in associated undertakings | 10 | **-** | (1,245,161) |
| **Net cash used in investing activities** | | **-** | (1,245,161) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of share capital | | **769,931** | 1,100,000 |
| **Net cash generated from financing activities** | | **769,931** | 1,100,000 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(51,389)** | 683,531 |
| Cash and cash equivalents at beginning of the year | | **684,533** | 1,002 |
| **Cash and cash equivalents at end of the year** | **11** | **633,144** | 684,533 |

The notes on pages 12 to 25 form an integral part of these financial statements.

## 1. Incorporation and principal activities

### Country of incorporation

The Company C3ALLURO RAIF V.C.I.C. LTD (the "Company") was incorporated in Cyprus on 2nd July 2020 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Annis Komninis 4, SOLEA BUILDING, 2nd floor, Flat/Office 202, Nicosia, 1060, Cyprus.

### Principal activities

The principal activities of the Fund are to invest through its Investment Compartments in Real Estate and to a lesser extent, in Private Equity assets and to build a portfolio consisted of real estate and/or private equity assets, which balances risks and emphasizes strong cash flow.

## 2. Basis of preparation

The financial statements of the Company 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 Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a medium sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2023.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of, and financial assets and financial liabilities at fair value through profit or loss.

## 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 (IFRSs) 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. Material accounting policies

The material 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.

Management seeks not to reduce the understandability of these financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

### Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

**4. Material accounting policies (continued)**

**Investments in associates (continued)**

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

**Revenue**

**Recognition and measurement**

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices ) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

**4. Material accounting policies (continued)**

**Revenue (continued)**

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

**Identification of performance obligations**

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

**Finance costs**

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

**Foreign currency translation**

**(1) Functional and presentation currency**
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

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

**4. Material accounting policies (continued)**

**Compound financial instruments**

Compound financial instruments issued by the Company comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified.

**Share capital**

Management and Investor shares are classified as equity.

**Convertible preference shares**

The component of the convertible preference shares that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in profit or loss.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

**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 market price risk, interest rate risk, credit risk, currency risk, other market price risk, operational risk, compliance risk, litigation risk, reputation risk, share ownership risk and other risks arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

### 6.1 Market risk
The risk that the securities market as a whole would decline, bringing the value of individual securities down with it regardless of their fundamental characteristics.

### 6.2 Interest rate risk
Interest rates and bond prices carry an inverse relationship; as interest rates fall, the price of bondstrading in the marketplace generally rises. Conversely, when interest rates rise, the price of bonds tendsto fall. Prolonged periods of low interest rates may lead to sudden rises that can have adverse effect onthe value of the bonds. However, this risk is negated if the bonds are held to maturity.

### 6.3 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 purchasing a debt instrument like a Bond, the Fund is exposed to the credit worthiness of theinstrument's issuer. Although, it supersedes other instruments, they are still subject to the financialwell-being of the issuer and its ability to repay both interest and principal to the bondholder. The issuerof instruments in which the Fund invests may be unable to meet interest and/or principal payments,thereby causing its instruments to decrease in value and lowering the issuer's credit rating. The Fundwill analyze all income and cash flow information as well as overall issuer exposure to debt, prior toinvesting in the bond instrument.

*(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

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:
- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

*Significant increase in credit risk*

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:
- internal credit rating

**6. Financial risk management (continued)**

**6.3 Credit risk (continued)**

*(i) Impairment of financial assets (continued)*

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

*Low credit risk*

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

*Default*

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

*Write-off*

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

**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.

**6. Financial risk management (continued)**

**6.3 Credit risk (continued)**

*(i) Impairment of financial assets (continued)*

**Receivables from related parties (continued)**

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.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

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.

*(ii) Net impairment losses on financial and contract assets recognised in profit or loss*

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets and contract assets:

| **Impairment losses** | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Impairment charge - investments in associates | **(1,064,761)** | - |
| **Net impairment loss on financial and contract assets** | **(1,064,761)** | - |

**6.4 Currency risk**
The euro value of the Fund's foreign investments will be affected by changes in the exchange ratesbetween the euro and the currencies in which those investments are traded. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**6.5 Market price risk**
The Company is exposed to financial risks arising from changes in equity security prices. The Company monitors the mix of equity securities in its portfolio so as to mitigate its exposure to this market price risk.

**6.6 Valuation Risk**
Situations involving uncertainties as to the valuation of assets may have an adverse effect on the fund's net assets if judgements made regarding appropriate valuations should prove incorrect. Valuations may also be suspended where the fund's assets cannot be valued or would yield a valuation which would be,in the opinion of the external manager, to the detriment of the investors. Some of these valuation risks are greater for illiquid than for liquid assets.

**6. Financial risk management (continued)**

**6.7 Inflation Risk**
When buying a bond, an investor is essentially committed to a certain fixed or variable rate for the period he or she holds the bond. Unless, the bond interest is inflation adjusted, the investor will be exposed to eroding purchase power and potentially inflationary adjusted negative rates of return.

**6.8 Allocation Risk**
The performance of the Fund relative to its benchmarks will depend largely on the decisions of the Directors as to strategic asset allocation and tactical adjustments made to the asset allocation. At times, the Directors judgments as to the asset classes in which the Fund should invest may prove to be wrong, as some asset classes may perform worse than others or the relevant markets generally from time to time or for extended periods of time.

The principal risk of investing in the Fund is that the asset allocation strategy will not be successful. Atany time, the Directors may not know whether that particular signal will turn out to have indicated thestart of a major or minor market move in either direction, or whether it will prove to be a falsesignal. The Fund could be exposed to declining markets and/or could miss a market rise if the strategy does not correctly adjust to market movements. As a result, there is no assurance that the asset allocation strategy will enable the Fund to be invested consistent with the major trends of the market orenable the Fund to achieve its investment objectives of capital appreciation.

**6.9 Event Risk**
The risk that a bond's issuer undertakes a leveraged buyout, debt restructuring, merger or recapitalization that increases its debt load, causing its bonds' values to fall, or interferes with its ability to make timely payments of interest and principal. Event risk can also occur due to natural or industrial accidents or regulatory change.

**6.10 Management Risk**
The investment techniques and risk analysis used by the Fund's portfolio managers may not produce the desired results. Because the Fund's investment process relies heavily on its asset allocation process, market movements that are counter to the portfolio managers' expectations may have a significant adverse effect on the Fund's net asset value.

**6.11 Other risks**
Regulatory risk
The Fund and its AIFM are subject to laws and regulations enacted by European, and national governments. In particular, upon authorization, the Fund and its AIFM will be required to comply with certain European legal requirements. In addition, the Fund and its AIFM are subject to regulation in Cyprus. Additional laws may apply to the portfolio companies in which we make investments. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on the Fund's business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, by any of the persons referred to above could have a material adverse effect on the Fund's business, investments and results of operations.

Real Estate Risk
Investment in real estate can take considerable time both to acquire and to realize. The fund's real estate investments will be subject to the general risks incidental to the ownership of real property, including changes in the supply of, or demand for, properties in an area, changes in the development of a particular area, changes in interest rates and the availability of mortgages, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers, uninsured events and environmental factors. The marketability and value of any properties owned by the fund on behalf of compartments will, therefore, depend on many factors beyond the control of the fund and there is no assurance that there will be either a ready market for any properties or that such properties will be sold at a profit or will yield a positive cash flow.

**6.12 NET ASSET VALUE**

The Fund has delegated the calculation of the Net Asset Value of the Fund to the External Manager (the"Valuer"). The Valuer will calculate the Net Asset Value of the Fund, and the Net Asset Value per Unit as at each Valuation Day.

**6. Financial risk management (continued)**

The Net Asset Value shall be calculated with respect to any Valuation Day by ascertaining the value ofthe Total Assets and deducting from such amount the Total Liabilities. The Net Asset Value of each Investor's Units shall be determined by multiplying the Net Asset Value of the Fund with the percentage owned by each Investor and rounding the resulting total to two decimal places.

In calculating the NAV of the Fund and each Investment Compartment the following principles will apply:

1. every Unit agreed to be issued by the Directors each Subscription Day shall be deemed to be issued at the Valuation Day and the assets of the relevant Investment Compartment shall be deemed to include not only cash, assets under custody in the hands of the Depositary, and anyother assets that cannot be held under custody, but also the amount of any cash or other assets to be contributed in kind and received in respect of Units agreed to be issued after deducting there from (in the case of Units agreed to be issued for cash) or providing for any preliminary charges;

2. where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded, and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed;

3. there shall be added to the assets of the relevant Investment Compartment any actual or estimated amount of any taxation of a capital nature which may be recoverable by the Fund which is attributable to that Investment Compartment;

4. there shall be added to the assets of each relevant Investment Compartment a sum representingany interest, dividends or other income accrued but not received and a sum representing unamortized expenses;

5. there shall be added to the assets of each relevant Investment Compartment the total amount (whether actual or estimated by the External Manager or their delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of doubletaxation relief; and

6. where notice of the redemption of Units has been received by the Fund with respect to a Redemption Day and the cancellation of such Units has not been completed, the Units to beredeemed shall be deemed not to be in issue at the Valuation Day and the value of the assets ofthe relevant Investment Compartment shall be deemed to be reduced by the amount payable upon such redemption.

The Net Asset Value of the Fund and the Net Asset Value per Unit will be determined as at the close of business on each Valuation Day or at such other times as the External Manager may determine.

The Net Asset Value of each sub- Fund will be expressed in a currency to be specified in the supplements with respect to a Sub-Fund. The Net Asset Value of the Fund will be equal to the value of its total assets less its total liabilities as of the relevant Valuation Day calculated in accordance with the provisions ofthe Articles adopted by the Directors and the International Financial Reporting Standards.

**7. Critical accounting estimates and judgments**

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.

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.

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

*Judgments*

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:

*Critical judgements in applying the Company's accounting policies*

- **Impairment of investments in associates**

  The Company periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **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.

### 8. Finance income/(costs)

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Exchange profit | **26** | - |
| **Finance income** | **26** | - |
| Sundry finance expenses | **(1,149)** | (1,959) |
| **Finance costs** | **(1,149)** | (1,959) |
| **Net finance costs** | **(1,123)** | (1,959) |

### 9. 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 | **(1,174,113)** | (33,603) |
| Tax calculated at the applicable tax rates | **(146,764)** | (4,200) |
| Tax effect of expenses not deductible for tax purposes | **145,162** | 2,817 |
| Tax effect of allowances and income not subject to tax | **(3)** | - |
| Tax effect of tax loss for the year | **1,605** | 1,383 |
| **Tax charge** | **-** | - |

The corporation tax rate is 12,5%.

**9. Tax (continued)**

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (reduced to 17% as of 1 January 2024). 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%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

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.

**10. Investments in associates**

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Balance at 1 January | **1,245,161** | - |
| Additions | **-** | 1,245,161 |
| Impairment charge | **(1,064,761)** | - |
| **Balance at 31 December** | **180,400** | 1,245,161 |

The details of the investments are as follows:

| Name | Country of incorporation | Principal activities | Holding % | **2023** € | 2022 € |
|---|---|---|---|---|---|
| EMERY EN LIGHTENMENT CY LTD | Cyprus | Consulting services | 38% | **180,400** | 1,245,161 |
| | | | | **180,400** | 1,245,161 |

**11. Cash and cash equivalents**

Cash balances are analysed as follows:

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Current accounts | **633,144** | 684,533 |
| | **633,144** | 684,533 |

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.

**12. Share capital**

| | **2023 Number of shares** | **2023 €** | 2022 Number of shares | 2022 € |
|---|---|---|---|---|
| **Authorised** | | | | |
| Management shares of €1 each | 10 | 10 | 10 | 10 |
| **Issued and fully paid** | | | | |
| Balance at 1 January | 10 | 10 | 10 | 10 |
| **Balance at 31 December** | **10** | **10** | 10 | 10 |

**12. Share capital (continued)**

a. 10 Management Shares, of no-par value issued at initial price of €1.00 each; The Management Shares will not correspond to an investment compartment and represent the amount paid on such issued shares.

b. 899,999,990 unclassified shares, of no-par value.

The Management Shares do not correspond to any Investment Compartment and represent the amount paid on such issued shares. The initial price of the Management Shares is One Euro (EUR 1.00) each.

**13. Redeemable shares**

| | **2023 Number of shares** | **2023 €** | 2022 Number of shares | 2022 € |
|---|---|---|---|---|
| **Initial issue of Investor Shares** | | | | |
| Redeemable shares of €1 each | 500,000 | 500,000 | 500,000 | 500,000 |
| | **500,000** | **500,000** | 500,000 | 500,000 |
| **Issued and fully paid** | | | | |
| Redeemable "A" shares- | | | | |
| Balance at 1 January | 110,000 | 1,066,398 | - | - |
| Decrease in net assets attributable to holders of redeemable shares | - | (1,164,596) | (990,000) | (33,602) |
| Subscription of redeemable shares during the year | 90,938 | 769,931 | 1,100,000 | 1,100,000 |
| Transfer to retained earnings | - | (6,146) | - | - |
| **Balance at 31 December** | **200,938** | **665,587** | 110,000 | 1,066,398 |

The minimum amount the Shareholder must subscribe for initially, which is €500,000 or its equivalent in any other currency accepted by the Investment Compartment or any other minimum amount at the discretion of the Directors.

The Sub-Fund CRANE FUND had 145,938 units in issue as of 31 December 2023, and these were held by one (1) unit holder.

The Sub-Fund FALCON FUND had 55,000 units in issue as of 31 December 2023, and these were held by one (1) unit holder.

Total by 31 December 2023 were 200,938 units in issue and these were held by one (1) unit holder.

NAV per unit (as per above results)
The NAV per unit for CRANE as of 31 December 2023, was €0.81 (rounding up)
The NAV per unit for FALCON as of 31 December 2023, was €9.97 (rounding up)

NAV per unit (as per NAV Report)
The NAV per unit for CRANE as of 31 December 2023, was €8.10 (rounding up)
The NAV per unit for FALCON as of 31 December 2023, was €9.97 (rounding up)

**14. Creditors and accruals**

| | **2023 €** | 2022 € |
|---|---|---|
| Payables to administrative Co | **32,389** | 22,973 |
| Accruals | **3,808** | 4,760 |
| | **36,197** | 27,733 |

**15. 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 Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations, investments, contractual arrangements or joint ventures in the War area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, the Company is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

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 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 Fund and has concluded that there is no significant impact in the Fund's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely in case the crisis becomes prolonged.

**16. Related party transactions**

**16.1 Investment manager**

| | Nature of transactions | **2023** | 2022 |
|---|---|---|---|
| | | **€** | € |
| IC Realty Ltd | Management fees | **84,000** | 10,000 |
| | | **84,000** | 10,000 |

**16. Related party transactions (continued)**

**16.2 Director's fee**

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Director's fee | 2,000 | 2,000 |
| | 2,000 | 2,000 |

**16.3 Payables to related parties**

| Name | Nature of transactions | 2023 | 2022 |
|---|---|---|---|
| | | € | € |
| EMERY EN LIGHTENMENT CY LTD | Trade | 144,787 | 865,219 |
| | | 144,787 | 865,219 |

The payable to associate company was provided interest free, and there was no specified repayment date.

**16.4 Shareholders' current accounts - debit balances**

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Balance 1 January | 10 | 10 |
| **Balance 31 December** | 10 | 10 |

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

**17. Contingent liabilities**

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

**18. Commitments**

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

**19. Events after the reporting period**

As explained in note 15 the geopolitical situation in Eastern Europe and the Middle East remains intense with the continuation of the conflict between Russia and Ukraine and the Israel-Gaza conflict. As at the date of authorising these financial statements for issue, the conflicts continue to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, the Israel-Gaza conflict and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2024 which relate to new developments that occurred after the reporting period.

On 16th February 2024 the fund entered into an agreement with MEGA EQUITY SECURITIES AND FINANCIAL SERVICES PUBLIC LTD for the provision of depositary services.

**Independent auditor's report on pages 5 to 7**