



ANNUAL FINANCIAL STATEMENTS 2021

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FINANCIAL HIGHLIGHTS*

Total distribution per share of
3,22 EUR cents

(2020: 3,15 EUR cents)

Distributable earnings per share of
3,68 EUR cents

(2020: 3,25 EUR cents)

- > **41,9%** like-for-like growth (adjusted for prior 15-month period)
- > Distribution policy allows for retained earnings
- > Payout ratio is **87,4%** (2020: 97,0%)

Net asset value per share
46,56 EUR cents

(2020: 36,11 EUR cents)

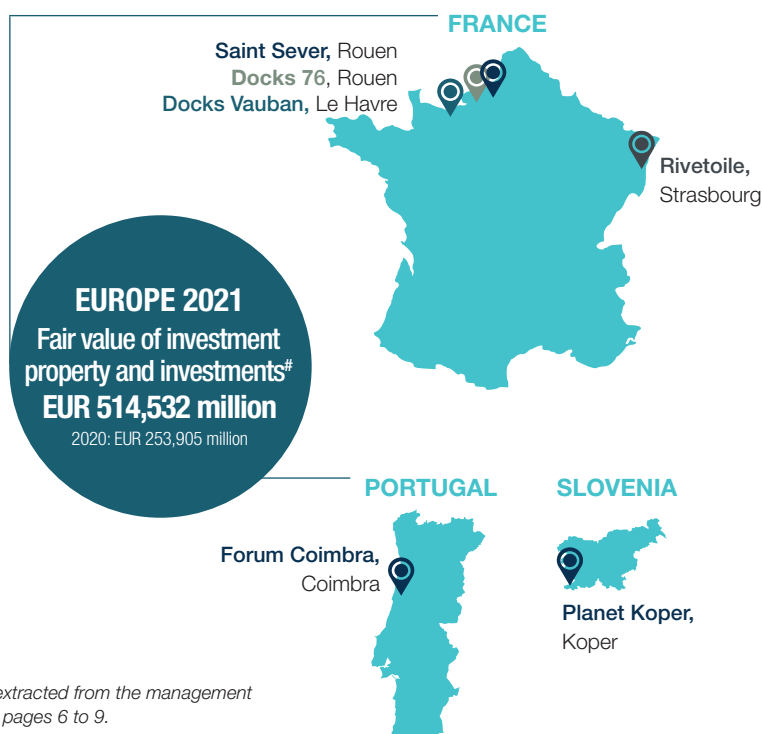
- > **28,9%** increase over the period

Loan-to-value ratio of
13,6%

(2020: 13,0%)

* Financial highlights based on management accounts metrics as disclosed on pages 4 and 5.

GEOGRAPHICAL PROFILE



Based on information extracted from the management accounts disclosed on pages 6 to 9.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

THE DIRECTORS ACKNOWLEDGE THEIR RESPONSIBILITIES FOR:

In terms of the Maltese Companies Act (Cap. 386) and other regulatory requirements, the directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each reporting period and of the profit or loss for that period. In preparing the financial statements, the directors are responsible for:

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

The directors are also responsible for designing, implementing and maintaining internal control as determined is necessary to enable the preparation and the fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with all applicable regulatory requirements. They are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE DIRECTORS REPORT THAT:

- ▶ The financial statements, set out on pages 18 to 101, fairly present in all material respects the financial position, financial performance and cash flows of Lighthouse in terms of IFRS;
- ▶ No facts have been omitted or untrue statements made that would make the financial statements false or misleading;
- ▶ Internal financial controls have been implemented to ensure that material information relating to Lighthouse and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer; and
- ▶ The internal financial controls are adequate and effective and can be relied upon in compiling the financial statements,

having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Report on Corporate Governance for South Africa, 2016™. There are no instances where we are not satisfied, nor that requires disclosure to the audit committee and the auditors regarding deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, or that requires remedial action.

GOING CONCERN

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and there is no reason to believe that the businesses will not be a going concern in the year ahead.

STATEMENT OF COMPLIANCE

We, the directors of Lighthouse, confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under:

- ▶ The provisions of the Maltese Companies Act (Cap. 386); and
- ▶ The Company's memorandum of incorporation and articles of association.

APPROVAL OF THE FINANCIAL STATEMENTS OF THE COMPANY

The financial statements of the Group and Company were approved for issue by the board of directors on 11 March 2022 and signed on its behalf by:



Justin Muller
Chief executive officer



Kobus van Biljon
Chief financial officer

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COMPANY SECRETARY'S CERTIFICATE

for the year ended 31 December 2021

We certify that, to the best of our knowledge and belief, the Company has filed with the Malta Business Registry all such returns as are required of the Company under the Maltese Companies Act (Cap. 386).



Maitland Malta Limited
Company secretary

11 March 2022

DIRECTORS' REPORT AND COMMENTARY⁷

NATURE OF THE BUSINESS

Lighthouse Properties p.l.c. ("Lighthouse" or the "Company" or the "Group") is domiciled in Malta and is listed on the Main Board of the Johannesburg Stock Exchange Limited ("JSE"). The Group invests directly and indirectly in dominant and defensive retail malls located in large and mid-sized cities with strong economic support and growth.

DISTRIBUTABLE EARNINGS AND COMMENTARY ON RESULTS

Lighthouse achieved 1,95[#] EUR cents of distributable earnings per share for 2H2021. Together with the 1,73 EUR cents per share achieved for 1H2021, the total distributable earnings for FY2021 was 3,68 EUR cents per share. The distributable earnings for the 15-month period ended December 2020 ("FY2020") was 3,25 EUR cents per share.

The board's dividend policy allows for retaining distributable earnings and the payout ratio for FY2021 has been reduced to 87,4% from 97,0% in FY2020. The board has declared a final dividend of 1,61 EUR cents per share for 2H2021, subject to shareholder approval at the annual general meeting. Shareholders will have the option to receive a scrip distribution of 1,61 EUR cents per share or a cash distribution of 1,449 EUR cents per share.

	12 months Dec 2021	15 months ¹ Dec 2020	12 months Sep 2019
Distributable earnings per share	3,68	3,25	3,31
Interim	1,73	1,60	1,83
Final	1,95[#]	1,65	1,48
Distribution per share	3,22	3,15	3,00
Interim	1,61	1,57	1,50
Final	1,61	1,58	1,50
Payout ratio (%)	87,4	97,0	90,7

¹ 15 months due to the change of financial year-end from 30 September to 31 December.

The net asset value per share has increased by 28,93%, from 36,11 EUR cents at December 2020 to 46,56 EUR cents at December 2021. This increase is primarily attributable to the 32% increase in the share price of Hammerson plc ("Hammerson") as well as a EUR 19,45 million* revaluation on the French malls acquired during the year.

FY2021 was a challenging year for bricks and mortar retail due to the COVID-19 pandemic. The first half of the year was impacted by government interventions including trading restrictions. In the second half, where most restrictions and lockdowns have been relaxed, footfall and sales have returned to near pre-pandemic levels.

[#] This includes the once-off impact of COVID-19 insurance claim proceeds (EUR 1,0 million) and reduced withholding tax on Hammerson dividends (EUR 3,0 million).

* Lighthouse's 75% pro rata share of the investment in the French properties.

With the challenges and uncertainty throughout the year, numerous investment opportunities presented themselves. Taking advantage of Lighthouse's strong financial position (LTV ratio of 13% at December 2020), a 75% interest in four regional malls in northern France was acquired for a cash consideration of EUR 225,80 million* on 30 September 2021. This investment is held through a 75% shareholding in Retail Property Investments SAS ("Retail Property Investments") with Resilient REIT Limited ("Resilient") owning the remaining 25%. These malls possess numerous redevelopment asset management opportunities. These include the introduction of key target tenants which has the effect of attracting additional tenants, increased rentals and reduced vacancies. As these initiatives are delivered, we anticipate additional upside including the revaluation of this portfolio.

This acquisition has almost doubled the exposure to physical malls and complements the existing portfolio. Lighthouse has further enhanced its reputation and credibility to execute on transactions in the physical retail market in Western Europe.

DIRECT INVESTMENTS

France

The four malls were acquired on 30 September 2021 and only impacted the final quarter of the Group's results.

The new 6 709m² Primark being developed at Saint Sever is scheduled to open in 1H2023. The building was previously a theatre complex and is being incorporated into the existing mall. The addition of Primark has enhanced tenant interest in the mall. Retail Property Investments is in negotiations with additional leading international fashion brands which will further strengthen the mall's offering. The mall is located on a busy pedestrian commuter route and is directly linked to the metro station, municipal offices (including a library) and E.Leclerc hypermarket.

At Docks 76, the installation of Biltoki Market is progressing well. The premises were handed over in February 2022 and trading is scheduled to commence in September 2022. This is a popular market-style food and beverage concept in France and will further expand the food and beverage offering of the mall. The mall is situated in the upmarket area of Rouen, north of the Seine River. The surrounding area continues to densify with a number of new high-density residential projects completed and under development. As a result, Docks 76 is experiencing higher footfall and sales than achieved in 2019.

Since the acquisition of Docks Vauban, KFC, Timberland and Jennyfer have been introduced as tenants and planning approval for the introduction of Lidl has been obtained. Heads of terms have been concluded and this grocer is anticipated to commence trading in 4Q2022. This mall is centrally located and adjacent to the Le Havre train station and university. New developments in the node include additional student accommodation, offices and a hotel.

At Rivetoile, negotiations are underway with the local municipality for the acquisition of additional land which will enable Retail Property Investments to expand the centre.

Portugal

All government-imposed interventions on the payment of minimum guaranteed rental lapsed on 30 June 2021. For the second half of the year, shopping centres resumed regular operations with regular billings and rental collection.

Forum Coimbra is the dominant mall in the province of Coimbra. Discussions with two major retailers to expand their stores have resumed.

Slovenia

Slovenia has been significantly impacted by COVID-19, with extended lockdowns and restrictions. Planet Koper is located in a tourism-dependent region and has not seen the same recovery in footfall and sales as other centres in Lighthouse's portfolio.

TORRECÁRDENAS ACQUISITION

In December 2021, Lighthouse agreed on an exclusivity period to acquire Centro Comercial Torrecárdenas ("Torrecárdenas"), a 61 589m² dominant mall in Almeria, in the south of Spain. The agreed purchase consideration is EUR 162,5 million and represents an acquisition yield of 6,4%. The due diligence has since been completed and the transaction was finalised and executed on 10 March 2022.

The city of Almeria is a provincial capital and has a growing population exceeding 200 000. The economy is based on the production of agricultural products in greenhouses, mainly for export.

Torrecárdenas is the dominant regional mall and was developed in 2018. The surrounding market is expanding and the mall is adjacent to a number of new high-density residential developments. The strong tenant profile includes Primark, Mercadona, Leroy Merlin, MediaMarkt, Zara, cinemas and major fashion retailers.

The transaction includes the retention of a EUR 85 million debt facility from Santander and Caixa Bank which matures on 30 June 2025.

HAMMERSON

Lighthouse owns 22,3% of Hammerson. In line with the Group's strategy, the stake was marginally increased throughout the year at attractive prices.

Hammerson has achieved a number of key milestones during 2021. A number of non-core assets were sold to reduce gearing and a EUR 700 million bond was successfully placed. This has improved the debt maturity profile. The management team has been strengthened and its operational structure has been streamlined. The Company is well positioned to take advantage of post-COVID-19 property opportunities.

DEBT AND LOAN-TO-VALUE

Lighthouse accepted a EUR 40 million facility which has been utilised for the French acquisition increasing bank facilities to a total of EUR 137,64 million.

* Lighthouse's 75% pro rata share of the investment in the French properties.

Subsequent to year-end, a EUR 135 million facility, secured by the French malls, was accepted from a syndication of French banks led by Natixis. Lighthouse's share of this facility (EUR 101,25 million)* has been utilised to fund the acquisition of Torrecárdenas.

At December 2021, the LTV ratio was 13,6% and following the acquisition of Torrecárdenas, it increased to circa 25%. This remains below the board's limit of 35%.

OUTLOOK

With the easing of the COVID-19 pandemic, the recovery of retail sales and the improvement in available funding, deep-value opportunities to acquire high-quality assets are limited. Lighthouse has in-house skills and relationships to upgrade and redevelop well-located investment opportunities such as that undertaken at Saint Sever. This places the Group in a strong position going forward.

It is the board's intention for Lighthouse, now domiciled in Malta, to be listed on a major European exchange and to access the European debt capital markets.

By order of the board



Justin Muller
Chief executive officer



Kobus van Biljon
Chief financial officer



Maitland Malta Limited
Company secretary

11 March 2022

Additional directors' report considerations

- ¹ For more details on principal risks and uncertainties refer to our risks and opportunities on pages 104 to 109.
- ² For more details on financial risk management refer to note 25 on page 64.
- ³ For more details on results and dividends refer to our distribution analysis and key ratios on pages 4 and 5 and directors' report and commentary above.
- ⁴ For more details on directors refer to corporate information on page 112.
- ⁵ For more details on the statement of director's responsibilities for the financial statements refer to page 1.
- ⁶ Our auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.
- ⁷ Refer to the statement of changes in equity on pages 22 and 23 for details of shares repurchased.
- ⁸ During the year the Company established a branch in France to facilitate the acquisition of the French properties.
- ⁹ The financial information reported in the directors' report and commentary has been extracted from the management accounts, distribution analysis and key ratios as set out on pages 4 to 9.
- ¹⁰ The amounts proposed by the directors to be carried as reserves are set out in the Group and Company statements of changes in equity, respectively, on pages 20 to 23.

DISTRIBUTION ANALYSIS AND KEY RATIOS

Key non-IFRS investor and other stakeholder information is disclosed in this section, based on the unaudited management accounts as set out on pages 6 to 9.

DISTRIBUTABLE EARNINGS PER SHARE AND KEY RATIOS (NON-IFRS MEASURES)

The calculation of distributable earnings per share is based on the loss for the period attributable to equity holders of the Company, adjusted as shown in the table below to arrive at the distributable earnings, and the number of shares in issue at 31 December 2021 and 31 December 2020, respectively.

	Year ended 31 Dec 2021 EUR	15 months ³ ended 31 Dec 2020 EUR
Reconciliation of IFRS loss to distributable earnings for the period		
Loss for the period attributable to equity holders of the Company	(42 587 499)	(271 193 222)
Fair value (gain)/loss on investment property (adjusted for straight-lining of rental revenue)	(26 806 667)	16 423 222
Fair value (gain)/loss on investments	(3 664 439)	146 896 045
Fair value (gain)/loss on currency, interest rate and other derivatives	(3 076 368)	27 359 880
Impairment loss on goodwill and other items	12 081 368	12 199 927
Dividends on equity swap derivatives included in fair value loss on investments	–	1 222 953
Brokerage expenses	136 108	548 267
Foreign exchange (gain)/loss	(1 274 848)	5 580 010
Borrowing costs on equity swap derivatives	–	(32 366)
Financing costs related to non-controlling interests	591 552	–
Loan breakage costs related to sale of investment properties	–	342 709
Income tax effect	238 303	(5 649 807)
Non-controlling interests – non-distributable	5 883 249	–
Non-distributable portion of loss from equity-accounted associate	110 287 246	91 309 440
Antecedent distribution – interim	5 062 030	1 032 787
Antecedent distribution – final	2 047 566	3 585 414
Distributable earnings for the period	58 917 601	29 625 259
Less:	(51 332 872)	(28 595 390)
Interim distribution declared	(25 172 408)	(9 572 695)
Final distribution declared	(26 160 464)	(19 022 695)
Distributable earnings retained	7 584 729	1 029 869
Distributable retained earnings at the beginning of the period	5 288 252	4 258 383
Distributable retained earnings at the end of the period	12 872 981	5 288 252
Number of shares entitled to distribution	1 624 873 544	1 207 790 136
Weighted average shares in issue during the period	1 369 808 195	784 744 191
Distributable earnings (EUR cents per share)	3,6845	3,2461
Less distribution (EUR cents per share)	(3,2200)	(3,1500)
Interim distribution (EUR cents per share) – declared	(1,6100)	(1,5750)
Final distribution (EUR cents per share) – declared	(1,6100)	(1,5750)
Distributable earnings not distributed (EUR cents per share)	0,4645	0,0961
Distribution payout ratio (%)	87,4	97,0
Net asset value per share (EUR cents)	46,5578	36,1095
Tangible net asset value per share (EUR cents) ¹	46,5578	36,1095
Property cost-to-income ratio (%) ²	35,1	36,3

¹ There are no current and prior period reconciling amounts between net asset value and net tangible asset value, as goodwill was offset against deferred tax liabilities in the management accounts during the prior period and goodwill was fully written down in the current reporting period.

² Calculated by dividing property operating expenses by property rental and related revenue, as disclosed in the management accounts included in the segmental analyses.

³ The prior period was for the 15 months ended 31 December 2020 due to a change of financial year end from September to December.

DISTRIBUTION CALCULATION

	Year ended 31 Dec 2021 EUR	15 months ³ ended 31 Dec 2020 EUR
Based on management accounts (except as otherwise noted)		
Property rental and related revenue ⁴	31 936 316	26 179 395
Investment revenue	43 012 024	20 868 377
Property operating expenses ⁴	(11 482 988)	(11 296 156)
Administrative and other expenses (adjusted for brokerage expenses)	(4 515 713)	(4 512 069)
Finance income	162 424	455 089
Finance costs (adjusted for breakage costs and portion related to non-controlling interests)	(3 754 586)	(4 252 876)
Other income ⁴	200 035	–
Income tax (adjusted for tax on non-distributable items)	(2 273 925)	(2 434 702)
Non-controlling interests – distributable	(1 475 582)	–
Antecedent distribution – interim	5 062 030	1 032 787
Antecedent distribution – final	2 047 566	3 585 414
Distributable earnings for the period	58 917 601	29 625 259
Less:	(51 332 872)	(28 595 390)
Interim distribution declared	(25 172 408)	(9 572 695)
Final distribution declared	(26 160 464)	(19 022 695)
Distributable earnings retained	7 584 729	1 029 869
Distributable retained earnings at the beginning of the period	5 288 252	4 258 383
Distributable retained earnings at the end of the period	12 872 981	5 288 252

⁴ Extracted from the IFRS statement of profit or loss on page 19.

LOAN-TO-VALUE

	31 Dec 2021 EUR	31 Dec 2020 EUR
Based on management accounts		
Interest-bearing borrowings (non-current)	136 568 444	104 408 981
Interest-bearing borrowings (current)	2 680 512	1 034 972
Total interest-bearing borrowings	139 248 956	105 443 953
Less:		
Cash and cash equivalents	(17 176 390)	(37 905 680)
Net debt	122 072 566	67 538 273
Investment property	498 977 000	248 467 000
Investments ⁵	400 617 633	272 880 851
Financial assets (non-current)	936 182	193 715
Total assets for LTV calculation	900 530 815	521 541 566
LTV (%)	13,56	12,95

⁵ Investments at fair value include the Group's investment in Hammerson at fair value EUR of 385,1 million (2020: EUR 244,1 million) at the reporting date.

COST OF DEBT

	31 Dec 2021 %	31 Dec 2020 %
Based on management accounts		
Weighted average base rate	(0,01)	–
Weighted average margin	2,89	2,27
Weighted average transaction costs	0,43	0,36
Weighted average other loan costs	0,05	0,07
Total weighted average cost of debt	3,36	2,70

MANAGEMENT ACCOUNTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SECTORAL

	BUSINESS SEGMENTS				GROUP – MANAGEMENT ACCOUNTS
	Direct property Dec 2021 EUR	Listed real estate Dec 2021 EUR	Listed infrastructure Dec 2021 EUR	Corporate Dec 2021 EUR	Dec 2021 EUR
ASSETS					
Non-current assets	498 977 000	385 062 593	15 555 040	936 182	900 530 815
Investment property	498 977 000	–	–	–	498 977 000
Investments	–	385 062 593	15 555 040	–	400 617 633
Financial assets	–	–	–	936 182	936 182
Other assets	–	–	–	–	–
Current assets	30 969 296	–	724 438	5 023 272	36 717 006
Trade and other receivables	19 427 603	–	–	113 013	19 540 616
Cash and cash equivalents	11 541 693	–	724 438	4 910 259	17 176 390
Total assets	529 946 296	385 062 593	16 279 478	5 959 454	937 247 821
EQUITY AND LIABILITIES					
Total equity attributable to equity holders	–	–	–	756 505 039	756 505 039
Share capital	–	–	–	18 582 634	18 582 634
Share premium	–	–	–	369 852 303	369 852 303
Treasury shares	–	–	–	(687 522)	(687 522)
Non-distributable reserve	–	–	–	229 344 962	229 344 962
Foreign currency translation reserve	–	–	–	(1 393 006)	(1 393 006)
Share-based payment reserve	–	–	–	194 302	194 302
Retained earnings	–	–	–	140 611 366	140 611 366
Total liabilities	138 297 198	39 655 811	–	2 789 773	180 742 782
Non-current liabilities	117 771 166	39 655 811	–	–	157 426 977
Interest-bearing borrowings	96 912 633	39 655 811	–	–	136 568 444
Deferred tax liabilities	16 704 048	–	–	–	16 704 048
Financial liabilities	4 154 485	–	–	–	4 154 485
Current liabilities	20 526 032	–	–	2 789 773	23 315 805
Interest-bearing borrowings	1 068 000	–	–	1 612 512	2 680 512
Financial liabilities	–	–	–	–	–
Trade and other payables	19 180 880	–	–	1 131 651	20 312 531
Current tax liabilities	277 152	–	–	45 610	322 762
Total equity and liabilities	138 297 198	39 655 811	–	759 294 812	937 247 821

* Refer to the segmental analysis on pages 82 to 85.

BUSINESS SEGMENTS				GROUP – MANAGEMENT ACCOUNTS
Direct property Dec 2020 EUR	Listed real estate Dec 2020 EUR	Listed infrastructure Dec 2020 EUR	Corporate Dec 2020 EUR	Audited Dec 2020 EUR
248 467 000	244 146 319	28 734 532	298 523	521 646 374
248 467 000	–	–	–	248 467 000
–	244 146 319	28 734 532	–	272 880 851
–	–	–	193 715	193 715
–	–	–	104 808	104 808
1 938 910	28 903 615	2 321 020	6 744 877	39 908 422
1 938 910	–	42 988	20 844	2 002 742
–	28 903 615	2 278 032	6 724 033	37 905 680
250 405 910	273 049 934	31 055 552	7 043 400	561 554 796
–	–	–	436 126 573	436 126 573
–	–	–	318 223 693	318 223 693
–	–	–	–	–
–	–	–	–	–
–	–	–	24 017 725	24 017 725
–	–	–	(1 393 006)	(1 393 006)
–	–	–	–	–
–	–	–	95 278 161	95 278 161
124 564 679	–	–	863 544	125 428 223
120 251 607	–	–	37 133	120 288 740
104 408 981	–	–	–	104 408 981
15 384 270	–	–	–	15 384 270
458 356	–	–	37 133	495 489
4 313 072	–	–	826 411	5 139 483
1 034 972	–	–	–	1 034 972
–	–	–	54 464	54 464
3 251 287	–	–	671 850	3 923 137
26 813	–	–	100 097	126 910
124 564 679	–	–	436 990 117	561 554 796

MANAGEMENT ACCOUNTS continued

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – SECTORAL

	BUSINESS SEGMENTS				GROUP – MANAGEMENT ACCOUNTS	
	Direct property for the year ended Dec 2021 EUR	Listed real estate for the year ended Dec 2021 EUR	Listed infrastructure for the year ended Dec 2021 EUR	Corporate for the year ended Dec 2021 EUR	For the year ended Dec 2021 EUR	
Property rental and related revenue	29 038 996	–	–	–	29 038 996	
Investment revenue	–	39 678 484	3 333 540	–	43 012 024	
Total revenue	29 038 996	39 678 484	3 333 540	–	72 051 020	
Fair value gain/(loss) on investment property, investments and derivatives	20 321 866	93 842 598	3 566 175	741 304	118 471 943	
Fair value gain/(loss) on investment property	20 321 866	–	–	–	20 321 866	
Fair value gain/(loss) on investments	–	93 842 598	3 566 175	–	97 408 773	
Fair value loss on currency, interest rate and other derivatives	–	–	–	742 467	742 467	
Impairment loss	–	–	–	(1 163)	(1 163)	
Property operating expenses	(10 180 147)	–	–	–	(10 180 147)	
Administrative and other expenses	126 832	–	–	(4 513 648)	(4 386 816)	
Foreign exchange loss	–	–	–	1 274 848	1 274 848	
Operating profit/(loss)	39 307 547	133 521 082	6 899 715	(2 497 496)	177 230 848	
Finance income	29	–	–	162 395	162 424	
Finance costs	(3 575 413)	–	–	(179 173)	(3 754 586)	
Other income	–	–	–	200 035	200 035	
Profit/(loss) before income tax	35 732 163	133 521 082	6 899 715	(2 314 239)	173 838 721	
Income tax	(2 389 644)	–	–	(122 583)	(2 512 227)	
Profit/(loss) for the year attributable to equity holders of the Company	33 342 519	133 521 082	6 899 715	(2 436 822)	171 326 494	

* Refer to the segmental analysis on pages 90 to 93.

BUSINESS SEGMENTS				GROUP – MANAGEMENT ACCOUNTS
Direct property for the 15 months ended Dec 2020 EUR	Listed real estate for the 15 months ended Dec 2020 EUR	Listed infrastructure for the 15 months ended Dec 2020 EUR	Corporate for the 15 months ended Dec 2020 EUR	For the 15 months ended Dec 2020 EUR
23 286 921	–	–	–	23 286 921
–	19 129 048	1 739 329	–	20 868 377
23 286 921	19 129 048	1 739 329	–	44 155 298
(28 581 312)	(48 469 298)	(20 787 121)	972 598	(96 865 133)
(16 381 385)	–	–	–	(16 381 385)
–	(48 469 298)	(20 787 121)	–	(69 256 419)
–	–	–	972 598	972 598
(12 199 927)	–	–	–	(12 199 927)
(8 445 519)	–	–	–	(8 445 519)
(360 728)	–	–	(4 151 341)	(4 512 069)
–	–	–	(5 580 010)	(5 580 010)
(14 100 638)	(29 340 250)	(19 047 792)	(8 758 753)	(71 247 433)
178	–	–	454 911	455 089
(4 423 763)	(24 457)	(7 909)	(139 456)	(4 595 585)
–	–	–	–	–
(18 524 223)	(29 364 707)	(19 055 701)	(8 443 298)	(75 387 929)
3 419 519	–	–	(204 415)	3 215 104
(15 104 704)	(29 364 707)	(19 055 701)	(8 647 713)	(72 172 825)

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Lighthouse Properties p.l.c.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion:

- ▶ The Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position of Lighthouse Properties p.l.c. as at 31 December 2021, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and IFRSs as issued by the International Accounting Standards Board; and
- ▶ The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

Lighthouse Properties p.l.c.'s financial statements, set out on pages 18 to 101, comprise:

- ▶ the Consolidated and Parent Company statements of financial position as at 31 December 2021;
- ▶ the Consolidated and Parent Company statements of profit or loss and other comprehensive income for the year then ended;
- ▶ the Consolidated and Parent Company statements of changes in equity for the year then ended;

- ▶ the Consolidated and Parent Company statements of cash flows for the year then ended; and
- ▶ the notes to the financial statements, which include significant accounting policies, segmental analysis and property portfolio, and other explanatory information.

BASIS FOR OPINION

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

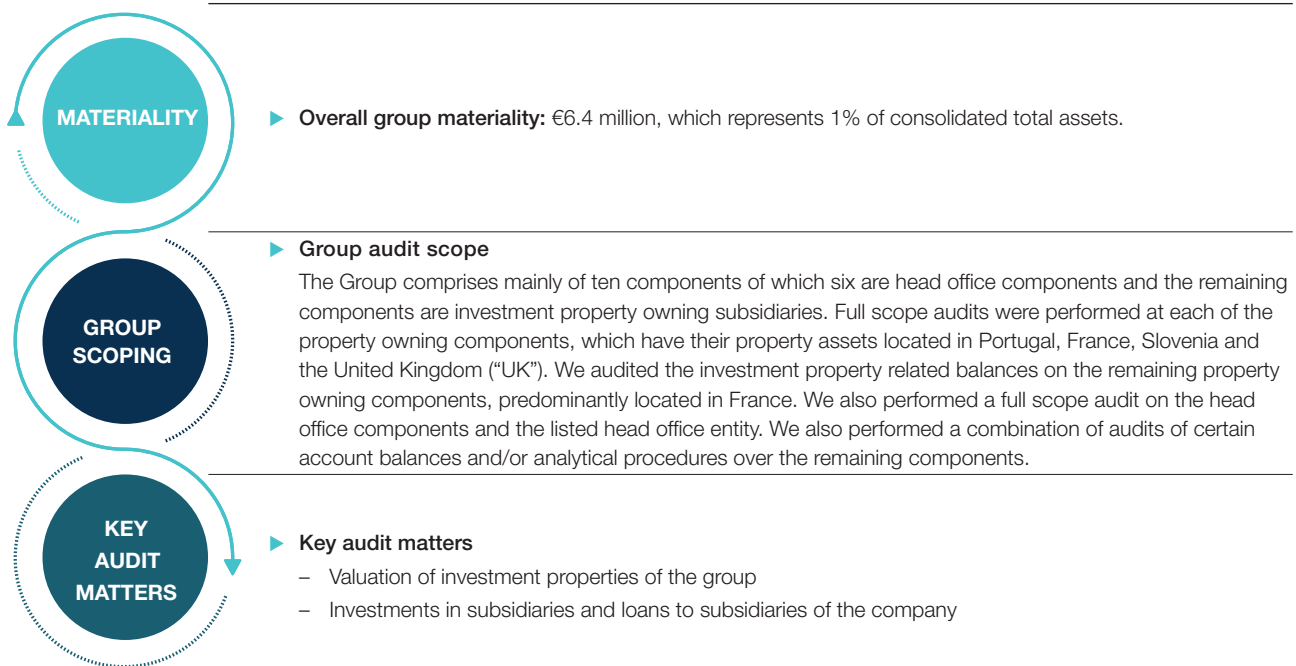
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

OUR AUDIT APPROACH

Overview



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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material

misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

▶ Overall group materiality	▶ €6.4 million
▶ How we determined it	▶ 1% of consolidated total assets
▶ Rationale for the materiality benchmark applied	▶ We chose consolidated total assets as the benchmark considering that, in our view, this is the key benchmark against which the performance of the Group is most commonly measured by the users of the consolidated financial statements. The continued expansion of the Group, which we currently expect to continue, further supports the use of consolidated total assets as our benchmark.
	▶ We chose 1% which is within the range of quantitative materiality thresholds that we consider acceptable

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €325,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITOR'S REPORT continued

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties of the group</p> <p>Refer to the following accounting policies and notes to the financial statements for details:</p> <ul style="list-style-type: none"> ▶ Note 1.3 (<i>Investment Property</i>); ▶ Note 2.4 (<i>Investment Property</i>); ▶ Note 3 (<i>Investment Property and Straight-lining of rental revenue adjustment</i>); ▶ Note 25.4 (<i>Financial Instruments – Fair values</i>); and ▶ Note 26.3 (<i>Accounting Estimates and Judgements – Investment properties</i>). <p>The Group carries investment property at fair value in accordance with International Accounting Standard (IAS) 40 – Investment Property. At 31 December 2021, the carrying value of the Group's total investment property portfolio amounted to €581.9 million, which included a fair value gain of €26.8 million.</p> <p>The Group's accounting policy is to measure investment properties at fair value based on annual external valuations utilising the open market value basis. This basis uses either the discounted cash flow method or the capitalisation of net income method or a combination of the methods. These methods take into consideration the future earnings potential and appropriate discount and capitalisation rates for the properties. Other factors taken into account in the valuations include the tenure of the property, tenancy details, the allocation of maintenance and insurance between the group and the lessee and ground and structural conditions. The valuers apply assumptions for yields and estimated future market rents, which are influenced by prevailing market yields, comparable property and leasing transactions in the market, to arrive at the final valuation.</p> <p>The valuation of investment properties was considered to be a matter of most significance to the current year audit due to the:</p> <ul style="list-style-type: none"> ▶ valuation of the Group's investment properties being a key contributor to the asset value of the Group; and ▶ significant estimation uncertainty in relation to key assumptions (the estimated rental growth, vacancy level, discount rates and capitalisation rate), coupled with the fact that only a small percentage difference in yields for individual property valuations, when aggregated, could result in a material impact on the overall valuation. 	<p>Our audit addressed this key audit matter as follows:</p> <ul style="list-style-type: none"> ▶ We obtained an understanding of the approaches followed by management and the independent valuers for the valuation of the group's investment property portfolio through discussions with management and the external valuers, as well as the inspection of minutes of meetings with valuers. ▶ We inspected the underlying valuation documentation for a representative sample of the properties in order to evaluate whether the valuation approach followed by external valuers for each property was consistent with the requirements of IFRS. We found the valuation approach to be consistent with the requirements of IFRS. ▶ We have evaluated the external valuers' competence, objectivity and capabilities by inspecting their curricula vitae, including a consideration of whether they are members of a registered professional body. We did not note any aspect in this regard requiring further consideration. ▶ We tested the accuracy, reliability and completeness of data inputs into the valuations. We focused on the data inputs underpinning the investment property valuations for a selection of investment properties, including projected rental income and associated running costs, the estimated rental growth, vacancy rates, and capitalisation rate. We agreed these to appropriate underlying documentation, held discussions with the valuers on the key assumptions used, and utilised our internal valuation expertise to assess the reasonability of the assumptions in the valuations performed by the external valuers. No material exceptions were noted when testing the inputs and the assumptions were found to be within an acceptable range. ▶ With the assistance of our internal valuation expertise, we developed independent expectations which we compared to the group valuers' valuations for a representative sample of properties. In doing this, we used comparable market data and focused in particular on properties where the growth in property valuations was higher or lower than our expectations, based on available market information. We compared the investment yields used by the group's valuers to an estimated range of expected yields, determined with reference to published benchmarks. We did not identify material differences between the valuer's valuation and our independently recalculated fair values.

Key audit matter	How our audit addressed the key audit matter
<p>Investments in subsidiaries and loans to subsidiaries of the company</p> <p>Refer to the following accounting policies and notes to the financial statements for details:</p> <ul style="list-style-type: none"> ▶ Note 1.4 (<i>Financial Instruments</i>); ▶ Note 2.1 (<i>Credit Risk</i>); ▶ Note 5.1 (<i>Investment in and loans to subsidiaries</i>); and ▶ Note 25 (<i>Financial instruments, risk and fair value measurement</i>) <p>Investments in subsidiaries:</p> <p>The Company holds investments in subsidiaries of €326.9 million.</p> <p>Management performed an assessment of impairment of investments in subsidiaries by comparing the carrying amounts of the investments in subsidiaries with their respective net asset values. During the year, management recognised an impairment charge of €6.4 million on the investments in subsidiaries.</p> <p>Management also recognised a reversal of €20.8 million of previously recorded impairment losses on investments in subsidiaries. The value-in-use recoverable amount of these subsidiaries exceeded the carrying value and accordingly the company reversed previous impairment losses on these investments.</p> <p>Loans to subsidiaries:</p> <p>The Company holds loans to subsidiaries of €331.0 million.</p> <p>Management performed an assessment of impairment of the loans to subsidiaries by assessing whether the subsidiaries had sufficient highly liquid assets to settle the loans. Management has determined that no provision for expected credit loss was required on the loans to subsidiaries based on the subsidiaries' holdings of highly liquid assets and the likelihood of a number of scenarios, including the cash flows related to each of those scenarios.</p> <p>Furthermore, management recognised a reversal of €18.8 million of the previously recorded provision on expected credit losses of the loans to subsidiaries. The subsidiaries produced positive net asset values and cash flows indicating that they will be able to settle the loans as and when they become due and payable thus no provision for expected credit losses was required on the loans.</p> <p>We considered investments in and loans to subsidiaries to be a matter of most significance to our current year audit due to the:</p> <ul style="list-style-type: none"> ▶ financial significance of the investments in and loans to subsidiaries and the impairment losses/reversals relating to subsidiaries to the Company's financial statements; and ▶ estimation involved in assessing impairment. 	<p>We obtained management's calculation of the recoverable amount for the investment in subsidiaries and the ECL calculation of loans to subsidiaries and performed the following procedures:</p> <p>Investments in subsidiaries:</p> <ul style="list-style-type: none"> ▶ We compared the carrying amount of each investment to the net asset value or the adjusted net asset value of the underlying subsidiary to identify any indicators of impairment. <p>Loans to subsidiaries:</p> <ul style="list-style-type: none"> ▶ Ensured that the current impairment methodology for the company is in accordance with the principles of IFRS 9. ▶ We audited management's assumptions included in each scenario, which comprised the counterparts' ability to generate cash flows to service the loans from their underlying properties. ▶ We compared the property fair values less cost to sell, that could be liquidated should the need arise, and noted that they exceed the outstanding loan balances. <p>We also assessed the extent of disclosures in the financial statements.</p> <p>No material exceptions were noted for the audit procedures performed.</p>

INDEPENDENT AUDITOR'S REPORT continued

HOW WE TAILORED OUR GROUP AUDIT SCOPE

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

The Group comprises mainly of ten components of which six are head office components and the remaining components are investment property owning subsidiaries. We performed full scope audits over the property owning components, which have their property located in Portugal, France, Slovenia and the United Kingdom ("UK"), the listed head office entity and on the head office components. In addition, we audited the investment property related balances on the remaining property-owning components predominantly located in France. We also performed a combination of audits of certain account balances and/or analytical review procedures over the remaining components. This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

In establishing the overall audit approach to the group audit we determined the type of work that needed to be performed by us, as the group engagement team, and by component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the "Directors' responsibility for the financial statements", "Company secretary's certificate", "Directors' report and commentary", "Distribution analysis and key ratios", "Management accounts", "Segmental analysis", "Property portfolio", "Our risks and opportunities", "Shareholders analysis", "Summary of financial performance" and "Corporate information" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and any other information included in the document titled "Lighthouse Properties p.l.c. Integrated Report 2021", which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

When we read the other information included in the document titled "Lighthouse Properties p.l.c. Integrated Report 2021", if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance in accordance with International Standards on Auditing.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Parent company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Group's and the Parent company's trade, customers and suppliers, and the disruption to their business and the overall economy.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The *Annual Financial Statements 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

INDEPENDENT AUDITOR'S REPORT continued

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

Area of the <i>annual financial statements 2021</i> and the related directors' responsibilities	Our responsibilities	Our reporting
<p>Directors' responsibility for the financial statements and Directors' Report and Commentary (on pages 1 to 3)</p> <p>The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p> <p>Other matters on which we are required to report by exception</p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none"> ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. ▶ the financial statements are not in agreement with the accounting records and returns. ▶ we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. 	<p>In our opinion:</p> <ul style="list-style-type: none"> ▶ the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▶ the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p> <p>We have nothing to report to you in respect of these responsibilities.</p>

OTHER MATTER – USE OF THIS REPORT

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

PricewaterhouseCoopers

78, Mill Street
Zone 5, Central Business District
Qormi
Malta



Christopher Cardona

Partner

11 March 2022

STATEMENTS OF FINANCIAL POSITION

at 31 December 2021

	Notes	GROUP		COMPANY	
		Audited Dec 2021 EUR	Audited Dec 2020 EUR	Audited Dec 2021 EUR	Restated ¹ Dec 2020 EUR
ASSETS					
Non-current assets		601 527 040	363 419 199	411 588 658	416 734 408
Investment property	3	581 927 000	248 467 000	–	–
Investments	4	15 555 040	28 734 532	84 600 718	75 081 335
Investment in subsidiaries	5.1	–	–	326 987 940	7 364 761
Loans to subsidiaries	5.1	–	–	–	334 288 010
Investment in equity-accounted associate	5.4	–	69 987 352	–	–
Financial assets	7.1	4 045 000	4 045 302	–	302
Other assets	7.2	–	104 808	–	–
Goodwill	6.1	–	12 080 205	–	–
Current assets		40 659 064	36 056 835	331 704 720	9 667 060
Loans to subsidiaries	5.1	–	–	330 975 677	405 036
Trade and other receivables	9	24 858 604	2 002 742	4 605	43 783
Cash and cash equivalents	10	15 800 460	34 054 093	724 438	9 218 241
Total assets		642 186 104	399 476 034	743 293 378	426 401 468
EQUITY AND LIABILITIES					
Total equity		368 588 141	261 967 606	741 352 168	422 659 819
Share capital	11	16 248 733	346 556 171	16 248 733	346 556 171
Share premium	11	369 852 303	–	369 852 303	–
Treasury shares	8	(687 522)	–	(262 044)	–
Non-distributable reserve		(165 463 935)	(178 473 720)	270 438 506	8 997 246
Foreign currency translation reserve		(1 393 006)	(1 393 006)	–	–
Share-based payment reserve		194 302	–	–	–
Retained earnings		140 611 366	95 278 161	85 074 670	67 106 402
Equity attributable to owners		359 362 241	261 967 606	741 352 168	422 659 819
Non-controlling interest		9 225 900	–	–	–
Total liabilities		273 597 963	137 508 428	1 941 210	3 741 649
Non-current liabilities		244 600 329	132 368 945	–	3 271 924
Interest-bearing borrowings	12	210 432 490	104 408 981	–	–
Loans from Group companies	5.2	–	–	–	3 271 924
Deferred tax liabilities	13	28 784 253	27 464 475	–	–
Financial liabilities	14	5 383 586	495 489	–	–
Current liabilities		28 997 634	5 139 483	1 941 210	469 725
Interest-bearing borrowings	12	2 680 512	1 034 972	1 612 512	–
Financial liabilities	14	–	54 464	–	–
Trade and other payables	15	25 994 360	3 923 137	328 698	369 628
Current tax liabilities	19.2	322 762	126 910	–	100 097
Total equity and liabilities		642 186 104	399 476 034	743 293 378	426 401 468

¹ Refer to note 29.1.

The notes on pages 25 to 101 are an integral part of these consolidated financial statements.

The financial statements on pages 18 to 101 were authorised for issue by the board on 11 March 2022 and were signed on its behalf by:



Justin J Muller
Chief executive officer



Jacobus F van Biljon
Chief financial officer

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	GROUP		COMPANY	
		Audited for the year ended Dec 2021 EUR	Audited for the 15 months ended Dec 2020 EUR	Audited for the year ended Dec 2021 EUR	Audited for the 15 months ended Dec 2020 EUR
Property rental and related revenue	16.1	31 936 316	26 137 558	–	–
Investment revenue	16.2	3 629 962	3 880 956	10 901 355	7 928 600
Finance income		162 424	455 089	162 391	454 516
Dividends and finance income from Group companies		–	–	8 720 587	7 912 337
Total revenue		35 728 702	30 473 603	19 784 333	16 295 453
Fair value gain/(loss) on investment property, investments and derivatives		21 466 106	(202 837 237)	151 830 410	(122 867 046)
Fair value gain/(loss) on investment property		26 806 667	(16 381 385)	–	–
Fair value gain/(loss) on investments		3 664 439	(146 896 045)	116 321 399	(57 272 763)
Fair value gain/(loss) on currency, interest rate and other derivatives		3 076 368	(27 359 880)	2 333 600	(28 347 326)
Impairment (loss)/reversal	6.2	(12 081 368)	(12 199 927)	33 175 411	(37 246 957)
Property operating expenses		(11 482 988)	(11 296 156)	–	–
Administrative and other expenses		(4 651 821)	(5 060 336)	(1 672 524)	(2 136 931)
Foreign exchange gain/(loss)		1 274 848	(5 580 010)	3 784 496	(3 250 025)
Share of loss of equity-accounted associate	5.4	(70 905 185)	(75 544 971)	–	–
Operating (loss)/profit		(28 570 338)	(269 845 107)	173 726 715	(111 958 549)
Finance costs		(4 346 138)	(4 563 219)	(196 072)	(204 614)
Other income		200 035	–	–	–
(Loss)/profit before tax	17	(32 716 441)	(274 408 326)	173 530 643	(112 163 163)
Income tax	18	(2 512 227)	3 215 104	(76 974)	(200 479)
(Loss)/profit for the year		(35 228 668)	(271 193 222)	173 453 669	(112 363 642)
Other comprehensive income net of tax:					
Items that may subsequently be reclassified to profit or loss:					
Share of other comprehensive income of equity-accounted associate	5.4	(5 025 370)	(3 471 048)	–	–
		(5 025 370)	(3 471 048)	–	–
Total comprehensive (loss)/income for the year		(40 254 038)	(274 664 270)	173 453 669	(112 363 642)
(Loss)/profit for the year attributable to:					
Equity holders of the Company		(42 587 499)	(271 193 222)	173 453 669	(112 363 642)
Non-controlling interests		7 358 831	–	–	–
		(35 228 668)	(271 193 222)	173 453 669	(112 363 642)
Total comprehensive (loss)/income for the year attributable to:					
Equity holders of the Company		(47 612 869)	(274 664 270)	173 453 669	(112 363 642)
Non-controlling interests		7 358 831	–	–	–
		(40 254 038)	(274 664 270)	173 453 669	(112 363 642)
Basic and diluted (loss)/earnings per share (EUR cents)	21	(3,11)	(34,56)	12,66	(14,32)

The notes on pages 25 to 101 are an integral part of these consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Notes	Share capital ¹ EUR	Share premium EUR
Balance at 30 September 2019		145 801 666	–
Total comprehensive income:			
Loss for the period		–	–
Share of other comprehensive income of equity-accounted associate		–	–
Distribution paid – final 2019 – cash (paid 2 December 2019)		–	–
Distribution paid – interim 2020 – cash (paid 25 May 2020)		–	–
Rights offer shares issued – 20 December 2019 – 150 000 000 shares – net of costs		70 439 354	–
Bookbuild shares issued – 3 June 2020 – 122 785 101 shares – net of costs		58 154 909	–
Bookbuild shares issued – 12 August 2020 – 477 214 899 shares – net of costs		177 201 069	–
Transfer of stated capital to non-distributable reserve	11.1	(105 040 827)	–
Transfer to non-distributable reserve		–	–
Balance at 31 December 2020		346 556 171	–
Total comprehensive income:			
Loss for the period		–	–
Share of other comprehensive income of equity-accounted associate		–	–
Long-term incentive plan (“LTIP”) shares issued – 19 March 2021		687 522	–
Share-based employee remuneration		–	–
Distribution paid – final 2020		17 513 078	–
– scrip issue – 39 801 811 shares on 19 April 2021		17 513 078	–
– cash (paid 19 April 2021)		–	–
Distribution paid – interim 2021 – cash (paid 8 S September ep 2021)		24 219 573	–
– scrip issue – 54 982 923 shares on 8 September 2021		24 219 573	–
– cash (paid 8 September 2021)		–	–
Transfer of stated capital to non-distributable reserve	11.1	(150 000 000)	–
Bookbuild shares issued – 20 August 2021 – 320 987 654 shares – net of costs		147 216 465	–
Equity contributed by non-controlling shareholders		–	–
Shares repurchased as part of delisting from Stock Exchange of Mauritius – 22 October 2021			
– 188 809 shares – net of costs		(91 773)	–
Transfer to non-distributable reserve		–	–
Creation of par value shares		(369 852 303)	369 852 303
Balance at 31 December 2021		16 248 733	369 852 303

¹ Refer to notes 1.6 and 11.

² Refer to note 1.6.

³ Refer to note 1.7.

⁴ Refer to note 1.12.

⁵ Refer to note 8.

⁶ The directors have proposed that the balance of retained earnings, net of dividends declared related to the period, be carried forward to the next financial period.

The notes on pages 25 to 101 are an integral part of these consolidated financial statements.

GROUP

Treasury shares ² EUR	Non-distributable reserve ³ EUR	Foreign currency translation reserve ⁴ EUR	Share-based payment reserve ⁵ EUR	Retained ⁶ earnings EUR	Equity attributable to equity holders EUR	Non-controlling interests EUR	Total equity EUR
-	32 211 782	(1 393 006)	-	70 655 649	247 276 091	-	247 276 091
-	-	-	-	(271 193 222)	(271 193 222)	-	(271 193 222)
-	(3 471 048)	-	-	-	(3 471 048)	-	(3 471 048)
-	(6 866 852)	-	-	-	(6 866 852)	-	(6 866 852)
-	(9 572 695)	-	-	-	(9 572 695)	-	(9 572 695)
-	-	-	-	-	70 439 354	-	70 439 354
-	-	-	-	-	58 154 909	-	58 154 909
-	-	-	-	-	177 201 069	-	177 201 069
-	105 040 827	-	-	-	-	-	-
-	(295 815 734)	-	-	295 815 734	-	-	-
-	(178 473 720)	(1 393 006)	-	95 278 161	261 967 606	-	261 967 606
-	-	-	-	(42 587 499)	(42 587 499)	7 358 831	(35 228 668)
-	(5 025 370)	-	-	-	(5 025 370)	-	(5 025 370)
(687 522)	-	-	-	-	-	-	-
-	-	-	194 302	-	194 302	-	194 302
-	(18 871 733)	-	-	-	(1 358 655)	-	(1 358 655)
-	(17 513 078)	-	-	-	-	-	-
-	(1 358 655)	-	-	-	(1 358 655)	-	(1 358 655)
-	(25 172 408)	-	-	-	(952 835)	-	(952 835)
-	(24 219 573)	-	-	-	-	-	-
-	(952 835)	-	-	-	(952 835)	-	(952 835)
-	150 000 000	-	-	-	-	-	-
-	-	-	-	-	147 216 465	-	147 216 465
-	-	-	-	-	-	1 867 069	1 867 069
-	-	-	-	-	(91 773)	-	(91 773)
-	(87 920 704)	-	-	87 920 704	-	-	-
-	-	-	-	-	-	-	-
(687 522)	(165 463 935)	(1 393 006)	194 302	140 611 366	359 362 241	9 225 900	368 588 141

STATEMENTS OF CHANGES IN EQUITY continued

for the year ended 31 December 2021

Notes

Balance at 30 September 2019

Total comprehensive income:

Loss for the period

Distribution paid – final 2019 – cash (paid 2 December 2019)

Distribution paid – interim 2020 – cash (paid 25 May 2020)

Rights offer shares issued – 20 December 2019 – 150 000 000 shares – net of costs

Bookbuild shares issued – 3 June 2020 – 122 785 101 shares – net of costs

Bookbuild shares issued – 12 August 2020 – 477 214 899 shares – net of costs

Transfer of stated capital to non-distributable reserve

11.1

Transfer to non-distributable reserves

Balance at 31 December 2020

Total comprehensive income:

Profit for the period

LTIP shares issued – 19 March 2021

Distribution paid – final 2020

– scrip issue – 39 801 811 shares on 19 April 2021

– cash (paid 19 April 2021)

Distribution paid – interim 2021 – cash

– scrip issue – 54 982 923 shares on 8 September 2021

– cash (paid 8 September 2021)

Transfer of stated capital to non-distributable reserve

11.1

Bookbuild shares issued – 20 August 2021 – 320 987 654 shares – net of costs

Shares repurchased as part of delisting from Stock Exchange of Mauritius – 22 October 2021 – 188 809 shares – net of costs

Transfer to non-distributable reserve

Creation of par value shares

Balance at 31 December 2021¹ Refer to notes 1.6 and 11.² Refer to note 1.6.³ Refer to note 1.7.⁴ The directors have proposed that the balance of retained earnings, net of dividends declared related to the period, be carried forward to the next financial period.

The notes on pages 25 to 101 are an integral part of these consolidated financial statements.

COMPANY

Share capital ¹ EUR	Share premium EUR	Treasury shares ² EUR	Non-distributable reserve ³ EUR	Retained ⁴ earnings EUR	Total equity EUR
145 801 666	-	-	48 557 555	51 308 454	245 667 675
-	-	-	-	(112 363 641)	(112 363 641)
-	-	-	(6 866 852)	-	(6 866 852)
-	-	-	(9 572 695)	-	(9 572 695)
70 439 354	-	-	-	-	70 439 354
58 154 909	-	-	-	-	58 154 909
177 201 069	-	-	-	-	177 201 069
(105 040 827)	-	-	105 040 827	-	-
-	-	-	(128 161 589)	128 161 589	-
346 556 171	-	-	8 997 246	67 106 402	422 659 819
-	-	-	-	173 453 669	173 453 669
687 522	-	(262 044)	-	-	425 478
17 513 078	-	-	(18 871 733)	-	(1 358 655)
17 513 078	-	-	(17 513 078)	-	-
-	-	-	(1 358 655)	-	(1 358 655)
24 219 573	-	-	(25 172 408)	-	(952 835)
24 219 573	-	-	(24 219 573)	-	-
-	-	-	(952 835)	-	(952 835)
(150 000 000)	-	-	150 000 000	-	-
147 216 465	-	-	-	-	147 216 465
(91 773)	-	-	-	-	(91 773)
-	-	-	155 485 401	(155 485 401)	-
(369 852 303)	369 852 303	-	-	-	-
16 248 733	369 852 303	(262 044)	270 438 506	85 074 670	741 352 168

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

	Notes	GROUP		COMPANY	
		Audited for the year ended Dec 2021 EUR	Audited for the 15 months ended Dec 2020 EUR	Audited for the year ended Dec 2021 EUR	Audited for the 15 months ended Dec 2020 EUR
Operating activities					
Cash generated from operations	19.1	17 295 154	27 009 237	14 588 553	4 773 431
Finance income received		162 424	455 089	3 521 504	8 366 853
Finance costs paid		(3 882 331)	(3 483 274)	(196 072)	(204 614)
Income tax paid	19.2	(962 633)	(1 358 311)	(177 071)	(60 746)
Distributions paid		(2 311 490)	(16 439 547)	(2 311 490)	(16 439 547)
Cash inflow/(outflow) from operating activities		10 301 124	6 183 194	15 425 424	(3 564 623)
Investing activities					
Additions to investment property		(3 034 336)	(3 006 778)	–	–
Proceeds on disposal of investment property		–	39 360 000	–	–
Acquisition of listed security investments		(38 539 093)	(127 929 845)	(51 420 290)	(238 858 174)
Proceeds from disposal of listed security investments		56 190 509	273 751 162	64 832 819	339 707 074
Acquisition of French subsidiaries, net of cash acquired	19.3	(295 098 877)	–	–	–
Acquisition of interest in equity-accounted associate	5.4	(5 943 203)	(235 302 473)	–	–
Receipts on loans made to subsidiaries		–	–	278 662 148	136 804 183
Payments on loans made to subsidiaries		–	–	(466 760 307)	(302 792 571)
Derivative cash receipts/(payments)		809 605	1 867 068	–	(7 592 276)
Cash outflow from investing activities		(285 615 395)	(51 260 866)	(174 685 630)	(72 731 764)
Financing activities					
Proceeds from issue of shares		149 550 367	83 546 059	149 550 367	83 546 059
Repayment of interest-bearing borrowings		(7 862 246)	(20 947 509)	–	–
Increase in interest-bearing borrowings		113 384 416	–	–	–
Repurchase of shares		(91 773)	–	(91 773)	–
Cash inflow from financing activities		254 980 764	62 598 550	149 458 594	83 546 059
(Decrease)/increase in cash and cash equivalents		(20 333 507)	17 520 878	(9 801 612)	7 249 672
Effect of exchange rate changes on cash held		467 363	(450 283)	(304 703)	(449 345)
Cash and cash equivalents at the beginning of the year		34 054 093	16 983 498	9 218 241	2 417 914
Cash and cash equivalents at the end of the year	10	14 187 949	34 054 093	(888 074)	9 218 241

The notes on pages 25 to 101 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

REPORTING ENTITY

Lighthouse Properties p.l.c. (“Lighthouse Properties”) (formerly known as Lighthouse Capital Limited) (the “Company”) is a public company limited by shares and was incorporated in Mauritius on 14 August 2014. The Company redomiciled to Malta effective on 29 December 2021. The Company’s registered office address is 4th Floor, Office 41, Block A, IL-Piazzetta, Tower Road, Sliema, Malta, SLM 3040. Lighthouse has a primary listing on the JSE. The consolidated financial statements of the Group for the 12 months ended 31 December 2021 (prior period: 15 months ended 31 December 2020 due to change of financial year-end from September to December) comprise the Company and its subsidiaries (jointly the “Group” or “Lighthouse”). The consolidated and separate financial statements (“financial statements”) were authorised for issue by the directors on 11 March 2022. These financial statements will be submitted for consideration and approval at the forthcoming annual general meeting.

Lighthouse Properties was established with the primary aim of acquiring and investing globally in direct property assets as well as listed real estate and infrastructure securities. In accordance with Lighthouse Properties’ business strategy, physical property investments are focused on retail, commercial and real estate assets across Europe. Lighthouse Properties targets properties with sustainable income from high-quality tenants with a strong likelihood of renewal of leases upon expiry. Lighthouse Properties also has strategic listed investments. In addition, it invests in listed real estate and infrastructure securities to provide liquidity for opportunistic acquisitions.

BASIS OF PREPARATION

Statement of compliance

The consolidated and separate financial statements of Lighthouse Properties have been prepared in accordance with IFRS as adopted by the European Union (“EU”), IFRS as issued by the International Accounting Standards Board, and interpretations as issued by the International Financial Reporting Interpretations Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and with the Maltese Companies Act (Cap. 386).

The accounting policies are consistent with those applied in the prior periods.

These financial statements were compiled under the supervision of Kobus van Biljon CA(SA), the chief financial officer.

Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment property, investments, derivative financial

instruments and financial instruments at fair value through profit or loss, which are measured at fair value.

Functional and presentation currency

The functional and presentation currency of the Company and Group is Euro (“EUR”), being the currency of the issued share capital of the Group.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in future periods are set out in note 26.

1. ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the financial statements for the current and prior reporting periods.

1.1 Changes in significant accounting policies

There were no changes in accounting policies during the period.

1.2 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled (directly or indirectly) by the Company. The Group “controls” an entity when it has the majority of the voting rights and it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the elements of control.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

1.2 Basis of consolidation continued

Subsidiaries continued

The results of subsidiaries are included from the date control was acquired up to the date control ceased.

Investments in subsidiaries

Investments in subsidiaries of the Company are reflected at cost less accumulated impairment losses, if any, in the Company's separate financial statements.

The accounting policies of the subsidiaries are consistent with those of the Company.

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group performs an assessment to determine whether the acquired assets and associated liabilities meet the definition of a business included in IFRS 3 Appendix B. In performing this assessment, consideration is given to determining whether an integrated set of activities and assets exists that is capable of being conducted and managed for the purpose of providing a service to customers, generating investment income or generating other income from its ordinary activities. The Group applies the "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree (if any) over fair value of the identifiable net assets acquired is recognised as goodwill. Any gain on a bargain purchase is recognised in profit or loss immediately.

Investment in equity-accounted associate

An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policies.

The results and assets and liabilities of associates have been included in these consolidated financial statements using the equity method from the date on which the investee became an associate.

Under the equity method, an investment in an associate is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, until the date on which significant influence ceases.

Goodwill

Goodwill is initially measured at cost. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated. Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.3 Investment property

Investment property is initially recognised and measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Fair values are determined annually by independent external professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. Valuations are done on the open market value basis and the valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of the methods. Gains or losses arising from changes in the fair values are included in profit or loss for the period in which they arise. Immediately prior to disposal of investment property, the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss during the period in which it occurs.

Investment property is refurbished, upgraded and maintained in order to preserve and/or to improve the value. Maintenance and repairs which neither materially add value to the properties nor prolong their useful lives are recognised in profit or loss as expenses when incurred.

1.4 Financial instruments

Financial instruments are recognised when the Group and Company have become party to the contractual provisions of the instrument. Financial instruments include investments in listed security investments, derivative cash margin, derivative assets and liabilities, loans receivable, trade and other receivables (including tenant receivables), cash and cash equivalents, interest-bearing borrowings, loans payable and trade and other payables. Financial instruments are initially recognised at fair value including transaction costs, except for those measured at fair value through profit or loss, for which related transaction costs are recognised in profit or loss as part of administrative and other expenses.

Trade receivables that do not contain a significant financing component in accordance with IFRS 15: *Revenue from Contracts with Customers* are initially measured at their transaction price. Derivatives are recognised initially at fair value at the date the derivative contracts are entered into. Directly attributable transaction costs are recognised in profit or loss when incurred.

Subsequent to initial recognition, these instruments are measured as detailed below:

Financial investments at fair value through profit or loss –

These assets include listed securities investments and are measured at fair value through profit or loss, with fair value being the quoted closing price at the reporting date. Realised gains and losses on disposals of investments and unrealised gains and losses arising from changes in the fair value of these investments are recognised in profit or loss.

Loans receivable and derivative cash margin – These include loans to subsidiaries and derivative cash margin (required as cash collateral on certain derivative positions), which are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables, when the recognition of interest would be immaterial.

Trade receivables – Trade receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any impairment charges on tenant receivables are included in property operating expenses in profit or loss.

Cash and cash equivalents – Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at amortised cost.

Impairment of financial assets – The Group and Company recognise a loss allowance for expected credit losses (“ECL”) on loans to subsidiaries, tenant receivables and other trade receivables, that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

Tenant receivables are categorised in overall risk buckets based on the deemed credit strength of the tenant/counterparty, i.e. categories A through C. Category A counterparties are typically international firms with high or exceptional ratings, category B counterparties tend to be national firms or firms with good credit ratings, while category C tenants usually consist of smaller local counterparties with average to below-average credit ratings. Typical tenant receivables are considered to be in default when more than 90 days in arrears. Tenant receivables are written off when there is no reasonable expectation for further recovery and any related mandatory statutory enforcement activity has been concluded. Tenant receivables impairment losses are included in property operating expenses in profit or loss.

The Group and Company recognise lifetime ECL for trade receivables and tenant receivables based on the simplified approach, using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current, as well as the forecast direction, of conditions at the reporting date, including time value of money where appropriate.

For non-interest-bearing loans to subsidiaries, that are repayable on demand, ECL are based on the assumption that repayment of the loan is demanded at the reporting date. Where the investee has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the ECL is considered to be immaterial. Where the investee cannot repay the loan if demanded at the reporting date, the Company considers the expected manner of recovery to measure ECL.

The ECL is limited to the effect of discounting the amount due on the loan at the loan’s effective interest rate over the period until the balance is realised. Term loans to subsidiaries are advanced to investment and property-owning Group companies, the recoverability of which is largely dependent on the fair values of underlying investments, whether it is listed securities investments or direct property holdings. Term loans to subsidiaries are impaired if the fair valued net asset value of the borrowing company is less than the carrying value of the equity investment in said borrowing company.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

1.4 Financial instruments continued

For all other financial assets, the Group and Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for the financial asset at an amount equal to the 12-month ECL.

Lifetime ECL represent the ECL that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represent the portion of the lifetime ECL that result from default events on a financial asset that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group and Company compare the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Group and Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- ▶ An actual or expected deterioration in the financial asset's external (if available) or internal credit rating;
- ▶ Significant deterioration in external market indicators of credit risk for a particular financial asset;
- ▶ Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- ▶ An actual or expected significant deterioration in the operating results of the debtor; and
- ▶ An actual or expected significant adverse change in the regulatory or economic conditions of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Derivative financial instruments – These include the Group's investments in interest rate derivatives and foreign exchange derivatives. The Group holds derivative financial instruments to manage the risk of its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in profit or loss. The fair value of derivatives is the estimated amount that the Group would receive or pay to terminate the derivative at the reporting date, taking into account the current relevant market conditions.

Derecognition of financial assets – A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where the contractual rights to receive cash flows from the asset have expired.

Interest-bearing borrowings – Interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Finance costs are recognised in profit or loss.

Trade and other payables and financial liabilities – Trade and other payables are subsequently measured at amortised cost using the effective interest method. Financial liabilities, with the exception of derivatives, are accounted for at amortised cost using the effective interest method.

Derecognition of financial liabilities – Financial liabilities (or a portion thereof) are derecognised when the contractual obligation is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability and the consideration paid for it is recognised in profit or loss.

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

1.5 Prepayments

Prepayments are payments in advance that entitle the entity to receive goods or services in future. Payments made by the Group and payments made by tenants are classified as current assets and current liabilities, respectively, given the expectation that consumption will occur within 12 months of the reporting date.

1.6 Share capital, share premium and treasury shares

Ordinary shares are classified as equity. External costs directly attributable to the issue of shares are recognised as a deduction from the proceeds in equity.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised in equity. Repurchased shares are classified as treasury shares and presented in the treasury shares reserve until cancelled. Treasury shares are cancelled after obtaining any necessary regulatory approvals.

Capital raises

When engaging in capital raises via accelerated bookbuilds, the Company recognises a cash receivable from participants and a related derivative financial liability on the date that the bookbuild allocations are confirmed. The derivative financial liability is measured at fair value through profit or loss up to the date of the related share issuance, at which point the derivative financial liability is transferred to share capital at fair value. On the share issuance date, cash received from bookbuild participants is accounted for, with any related foreign exchange gains or losses recognised in profit or loss.

1.7 Non-distributable reserve

Transfers of share capital to reserves and returns of capital to shareholders were included in and deducted from non-distributable reserve, respectively. All realised and unrealised gains and losses considered to be of a capital nature, foreign exchange gains and losses, and the non-distributable component of the share of profits and losses from the equity-accounted associate are transferred to non-distributable reserve. The statements of changes in equity include distributions of a capital nature that were made from the Company's non-distributable reserve prior to the date of redomiciliation. Distributions of an income nature have to be made from the Company's retained earnings in terms of regulatory requirements and the board's policy.

1.8 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the Group has a present obligation to pay as a result of employees' services provided to the reporting date. The Group does not provide any retirement or post-retirement benefits.

Share-based payment transactions

The Group only had equity-settled share-based payment schemes. In terms of the Share Incentive plan, Lighthouse Properties shares are issued to certain employees. Such equity-settled share-based payments were measured at fair value at the date of the issuance as an increase in share capital, with the corresponding employee costs expense, amortised based on the corresponding service requirements over the vesting period (five years), based on management's estimate of the shares that would have vested and adjusted for the effect of applicable non-market vesting conditions.

1.9 Revenue and related expenses

Revenue

Property rental and related revenue comprises rental revenue and recovery of expenses, excluding value-added tax ("VAT").

The IFRS 16 lessor accounting requirements require a lessor to classify a lease either as an operating lease or as a finance lease. Lighthouse acts as a lessor over its properties, and leases are classified as operating leases. The Group recognises rental revenue on a straight-line basis over the term of the lease.

Tenant recovery revenue (also known as service charge revenue) is recognised in terms of IFRS 15: *Revenue from Contracts with Customers*, in the same period that the benefit relating to the recovered cost is enjoyed by the tenant. The Group acts as the principal in respect of tenant recovery revenue and the related property operating costs incurred, i.e. tenant recovery revenue is recognised on a gross basis.

Investing in listed real estate and infrastructure securities is a core part of the Group and Company's business, and is therefore recognised as revenue. Investment revenue, which primarily comprises dividend income, is recognised as revenue when the shareholder's legal right to receive payment is established.

Finance income is recognised as revenue on a time-proportion basis using the effective interest method.

Expenses

Service costs and property operating expenses

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

The Group endeavoured to reach fair and reasonable agreements with tenants during the periods of trading restrictions imposed due to COVID-19. This has, in addition to other measures, resulted in forgiveness of certain payments contractually due for past rentals. Lighthouse has elected to follow the guidance in IFRS 9: *Financial Instruments* whereby the reduction in tenant receivables is recognised as a property operating expense in profit or loss during the period in which the reduction has been granted.

Letting commission and tenant installations

Letting commission and tenant installations paid for by the Group are capitalised to investment property and amortised over the period of the lease when they are assessed to be material.

Leases (in the Group's capacity as lessee)

Lease payments relating to short-term leases, i.e. less than 12 months, are expensed over the term of the lease.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

1.10 Finance income and finance costs

Finance income comprises interest income and is recognised as it accrues, calculated using the effective interest method. Finance costs comprise interest expenses on borrowings calculated using the effective interest method.

1.11 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for that year of assessment, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for the following temporary differences:

- ▶ The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- ▶ Initial recognition of goodwill; and
- ▶ Investments in subsidiaries to the extent that the Group is able to control the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates expected to be applied to temporary differences when they reverse, based on tax laws enacted or substantively enacted at the reporting date. The deferred tax liabilities relate primarily to cumulative fair value adjustments and statutory tax amortisation allowances on investment properties.

A deferred tax asset is recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to either settle current tax liabilities and assets on a net basis or realise the assets and settle the liabilities simultaneously.

1.12 Foreign currency

Foreign currency transactions

Transactions denominated in currencies other than EUR are translated at the average rate of exchange during the month in which the transaction occurs. The prevailing rate of exchange on the date of a significant transaction is, however, utilised where significant fluctuations in the rate of exchange occur during the month in which the transaction occurs.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated using the exchange rates ruling at the date of the transaction. Foreign currency differences are recognised in profit or loss.

Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated to EUR at exchange rates at the reporting date. Income and expenses are translated to EUR at the average exchange rates for the period if these rates approximate the exchange rates at the date of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the foreign currency translation reserve. Such translation differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

1.13 Distributions and dividends to shareholders

Distributions and dividends to the Company's shareholders are recognised as a liability in the period in which it is declared.

1.14 Earnings per share

Basic earnings or loss per share is calculated by dividing profit or loss for the year attributable to equity holders of the Company by the weighted average number of shares in issue during the year. Headline earnings or loss per share is calculated by dividing headline earnings or loss by the weighted average number of shares in issue during the year. Headline earnings per share is determined based on Circular 1/2021 issued by the South African Institute of Chartered Accountants.

Diluted earnings or loss per share is calculated by dividing profit or loss for the year attributable to equity holders of the Company by the weighted average number of shares in issue, adjusted for the potential dilutive impact of outstanding share options.

Diluted headline earnings or loss per share is calculated by dividing headline earnings or loss by the weighted average number of shares in issue, adjusted for the potential dilutive impact of outstanding share options acquired. The Company has no dilutive instruments in issue.

2. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- ▶ Credit risk;
- ▶ Liquidity risk; and
- ▶ Market risk (including currency risk, interest rate risk and price risk).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements (refer to note 25).

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has delegated the responsibility for developing and monitoring the Group's risk management policies to the risk committee. The committee reports to the board of directors on its activities. The risk committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

2.1 Credit risk

Credit risk is the risk of financial loss to the Group, or Company, if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's investments in listed securities, loans to subsidiaries, derivative cash margin, trade and other receivables (including tenant receivables) and cash and cash equivalents.

Investments, derivatives and derivative cash margin

The Group invests in listed securities by means of direct investments and by utilising derivatives, that have corresponding cash margin requirements, with recognised financial institutions. The Group limits its exposure to credit risk by investing in liquid securities and with globally recognised financial institutions and/or counterparties that are listed on a recognised stock exchange. The Group has policies and procedures in place to mitigate the credit risk associated with derivatives. Counterparty credit risk is monitored and any changes thereto are analysed, and policies are in place to mitigate any risks associated with increased counterparty credit risk.

Loans to subsidiaries

As the counterparties are property and investment entities, credit risk is linked to the fair values of underlying investment property and securities investments, and is managed by ensuring appropriate investment strategies and liquidity management are undertaken in line with the guidelines outlined by the board of directors.

The exposure on the loans to subsidiaries is indirectly secured as a result of the deemed fair value of the related investment in the subsidiary's equity, based substantially on the net asset value of underlying subsidiaries exceeding the carrying value of the related investments and loans to subsidiaries, as applicable. Time value of money has been considered in the assessment.

Trade and other receivables

Tenant receivables

The Group's exposure to credit risk is mainly in respect of retail property tenants and is influenced by the individual characteristics of each tenant. The Group's widespread tenant base reduces credit risk. A large proportion of the Group's tenant receivables are listed and multinational companies, which also reduces the credit risk. A credit policy is in place whereby each new tenant is analysed individually for creditworthiness before appropriate payment terms and conditions are offered which include, in the majority of cases, the requirement of a deposit or guarantee of at least one month's rental. When available, the Group's credit review considers external ratings.

The Group applies the provision matrix approach allowed by IFRS 9 to assess the impairments of tenant receivables, by grouping receivables by country and classification category, as applicable. An ECL rate is calculated for each category using, among other factors, historical credit loss experience adjusted for in-country consumer confidence indices and retail sales growth figures, expected credit lifecycles and collection ratios. These ECL rates are then applied to the relevant groups of tenant receivables to calculate the loss allowance at each reporting period.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

2. FINANCIAL RISK MANAGEMENT continued

2.1 Credit risk continued

Trade and other receivables continued

Receivables related to listed investment securities and cash and cash equivalents

Listed investment securities receivables comprise derivative cash margin, fair value of currency derivatives, fair value of interest rate derivatives and receivable for securities sold. The exposure to credit risk is limited by entering into securities transactions and investing cash and cash equivalents with counterparties that have a high percentage of tier-one capital and strong credit ratings assigned by international credit rating agencies:

- ▶ Bank of America Corporation – Standard & Poor's short-term local issuer credit rating: A-2;
- ▶ JPMorgan Chase & Co – Standard & Poor's short-term local issuer credit rating: A-2;
- ▶ ING Groep NV – Standard & Poor's short-term local issuer credit rating: A-2;
- ▶ CaixaBank SA – Moody's short-term bank deposits rating: P-2;
- ▶ FirstRand Limited – Capital Intelligence financial strength rating: BBB+; and
- ▶ Nova Ljubljanska Banka dd – Moody's short-term bank deposits rating: P-2u.

2.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations, comprising interest-bearing borrowings, financial liabilities and trade and other payables, as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. In this respect, the Group prepares cash flow analyses and forecasts which enable the directors to assess the level of financing required in future periods.

The board of directors agree on gearing parameters for the Group and the gearing levels are consistently monitored, taking into account the fluctuations in the underlying investments. The Group has consistently remained within its authorised gearing parameters.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. The Group generates cash from dividends received from listed security investments. Management is able to accurately budget the respective cash inflows as the dividend policies of the underlying investments are published in advance. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters or extreme market events.

2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group invests in derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the risk, investment and audit committees. The investment committee together with the risk committee determine parameters by which investments in listed securities are made, taking into account an appropriate margin of safety regarding the collateral pool to ensure the portfolio is able to withstand volatile market movements.

Currency risk

The Group is exposed to foreign currency risk on investments denominated in Canadian Dollar ("CAD"), Hong Kong Dollar ("HKD"), Pound Sterling ("GBP") and United States Dollar ("USD"). The Group mitigates a portion of the risk associated with exposure to foreign currency fluctuations by borrowing in the same currency as the underlying investment. In addition, the Group manages its exposure to currency fluctuations on distributable income through the use of currency forwards. The Group does not apply hedge accounting in terms of IFRS.

Interest rate risk

The Group is exposed to interest rate risk on its loans to subsidiaries, interest-bearing borrowings and cash and cash equivalents.

Loans to subsidiaries, interest-bearing borrowings and cash and cash equivalents bear interest at rates linked to the base lending rate in the jurisdiction to which they relate. The Group adopts a policy of hedging 100% of the direct property-related borrowings' exposure to interest rate risk. This is achieved primarily by entering into interest rate caps and fixed-rate loan agreements.

Equity price risk

The Group is exposed to equity price risk on its listed securities investments. It limits its exposure to equity price risk by only investing in liquid securities that are listed on a recognised stock exchange and where the directors approve of the business strategy implemented by such companies.

Fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the Group is the current closing price. These instruments are included in level 1. Instruments included in level 1 comprise quoted equity investments classified as fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- ▶ Quoted market prices or dealer quotes for similar instruments; or
- ▶ Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to the market-related terms and conditions and the short-term nature of these instruments. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2.4 Investment property

External independent valuers who have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, value the Group's investment properties at every financial year-end. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an orderly transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property

valuation. Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant space and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property.

2.5 Capital management

The Group considers the equity attributable to equity holders as the permanent capital of the Group. The board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board also monitors the level of distributions and dividends to shareholders. The board seeks to maintain a balance between higher returns that may be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The board's objectives when managing capital are:

- ▶ To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- ▶ To provide an adequate return to shareholders by pricing investments and services commensurately with the level of risk.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The board monitors capital on the basis of gearing. Gearing is calculated by dividing total interest-bearing borrowings, adjusted for cash and cash equivalents and derivative cash margin, by the total of investments in property, gross listed securities at fair value, investment in associate at fair value and loans advanced, based on the management accounts as disclosed in the segmental analysis. The board has a policy of maximum gearing of 45,0%. At 31 December 2021, gearing was 13,6% (31 December 2020: 13,0%).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

3. INVESTMENT PROPERTY AND STRAIGHT-LINING OF RENTAL REVENUE ADJUSTMENT

	GROUP	
	2021 EUR	2020 EUR
Investment in property comprises:		
Investment property	581 539 479	248 408 446
Straight-lining of rental revenue adjustment	387 521	58 554
Total investment property¹	581 927 000	248 467 000
Details of investment property are as follows:		
At cost	574 375 277	268 050 911
Fair value adjustments	7 164 202	(19 642 465)
Straight-lining of rental revenue adjustment	387 521	58 554
Investment property at fair value	581 927 000	248 467 000
Movement in investment property is as follows:		
Carrying amount at the beginning of the period	248 467 000	301 201 607
Additions from French acquisition ²	303 290 030	–
Disposals ³	–	(39 320 000)
Subsequent expenditure capitalised	3 034 336	2 880 615
Fair value gains/(losses)	26 806 667	(16 381 385)
Straight-lining of rental revenue adjustment	328 967	86 163
Carrying amount at the end of the period	581 927 000	248 467 000

¹ Refer to note 12 for details of external borrowings and the related security provided.

² The Group acquired four French shopping centres as part of an acquisition of assets. Refer to note 19.3.

³ Lighthouse disposed of the Forum Viseu shopping centre effective 6 March 2020 for a total cash consideration of EUR 39,7 million and settled the corresponding external interest-bearing borrowings of EUR 17,2 million and related finance costs. The portion of goodwill related to the sale of Forum Viseu has been expensed during the prior period. Refer to note 6.1 for the details of goodwill.

3. INVESTMENT PROPERTY AND STRAIGHT-LINING OF RENTAL REVENUE ADJUSTMENT continued

A register of investment property is available for inspection at the registered office of the Company (refer to pages 100 and 101).

During the current and prior reporting periods, there were COVID-19-related lockdowns instituted by the Portuguese and Slovenian governments, respectively, which resulted in restrictions of many of the Group's tenants' ability to trade. The Group provided ad hoc rental concessions in the current and prior periods in the form of rental discounts for the periods of the lockdowns. The Portuguese government legislated mandatory turnover-only rentals for tenants with effect from the commencement of the first Portuguese national lockdown during March 2020, up to and including March 2021. In a small number of instances, during the current and prior reporting periods, the Group agreed to amendments of rental agreements related to future periods. These amendments to rental agreements represented a change in the consideration of the respective leases and, as such, met the requirements of a lease modification as defined in IFRS 16. The lease modifications have been accounted for as new leases from the effective dates of the modifications, taking into account any prepaid or accrued lease payments relating to the original leases as part of the lease payments for the new lease. This resulted in an immaterial increase of the straight-lining receivable with a corresponding increase in the straight-lining of rental revenue adjustment in profit or loss. As the French properties were acquired with effect from 30 September 2021,

they were not impacted by COVID-19-related lockdowns with regard to property income and expenses included in the 2021 results.

The Group's investment property was externally valued by independent valuers with recognised and relevant qualifications and with recent experience in the location and category of the investment property being valued. Details are as follows:

- ▶ Valuer of Forum Coimbra (Coimbra, Portugal): JLL Portugal. The valuers are registered with the Royal Institute of Chartered Surveyors.
- ▶ Valuer of Planet Koper (Koper, Slovenia): CBRE Serbia. The valuers are certified real estate valuers.
- ▶ Valuer of Docks Vauban (Le Havre, France), Docks 76 (Rouen, France), Saint Sever (Rouen, France) and Rivetoile (Strasbourg, France): Savills France. The valuers are registered with the Royal Institute of Chartered Surveyors.

The valuations were done on an open market basis and with consideration of the future earnings potential and appropriate discount and capitalisation rates for the properties. The fair value of investment property determined is supported by market evidence. The valuations provided by the external valuers have been recognised without adjustment.

Investment property is categorised as level 3 in the fair value hierarchy. Refer to note 25.4 for fair value information. There are contractual commitments for the construction and refurbishment of investment property at the reporting date. Refer to note 20.2.

4. INVESTMENTS

Listed security investments are categorised as financial assets measured at fair value through profit or loss.

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Cost	14 911 180	27 940 156	80 303 128	69 697 578
Cumulative fair value gain	643 860	794 376	4 297 590	5 383 757
Total investments at fair value^{1,2,3}	15 555 040	28 734 532	84 600 718	75 081 335

¹ Refer to note 25.4 for fair value information.

² The Group held a 22,3% (2020: 21,6%) investment in Hammerson at the reporting date. With effect from 30 September 2020, the Group classified the investment in Hammerson as an associate, and commenced equity accounting as of that date. As a result, the Group investments at fair value exclude the fair value of the Group's Hammerson investment, but the Company investments at fair value include the fair value of its Hammerson investment. Refer to note 5.4 for details of the investment in associate.

³ The Group unwound all its equity swap derivative positions during 2020, choosing to invest in direct equity securities instead.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE, AND LOANS TO/(FROM) SUBSIDIARIES

5.1 Investment in and loans to subsidiaries

	Main business	Registered in and place of business
Subsidiaries		
Lighthouse Properties One Limited ("Lighthouse Properties One") ¹	Intermediate holding and finance company	Malta
Lighthouse Investments Limited ("Lighthouse Investments") ²	Dormant company	Mauritius
Lighthouse One UK Limited ("Lighthouse One UK") ³	Intermediate holding and operating company	United Kingdom
Lighthouse Netherlands B.V. ("Lighthouse Netherlands") ⁴	Intermediate holding, investment, finance and operating company	Netherlands
Lighthouse Investments Netherlands B.V. ("Lighthouse Investments Netherlands") ⁵	Investment company	Netherlands
Lighthouse Netherlands Two B.V. ("Lighthouse Netherlands Two") ⁶	Investment company	Netherlands
Lighthouse Investments d.o.o. ("Lighthouse Investments doo") ⁷	Property-owning and operating company	Slovenia
Torre de Farol Properties – Sociedade de Gestão de Imóveis, S.A. ("Torre de Farol") ⁸	Intermediate holding company	Portugal
Forum Coimbra – Sociedade Imobiliária, S.A. ("Forum Coimbra") ⁹	Property-owning and operating company	Portugal
RPPSE Forum Viseu – Sociedade Imobiliária, S.A. ("RPPSE Forum Viseu") ¹⁰	Dormant company	Portugal
Lighthouse France SAS ("Lighthouse France") ¹¹	Dormant company	France
Retail Property Investments SAS ("Retail Property Investments") ¹²	Intermediate holding and operating company	France
Rivetoile SAS ¹³	Intermediate holding company	France
SNC Rivetoile ¹⁴	Property-owning and operating company	France
Docks Vauban SAS ¹⁵	Intermediate holding company	France
SNC Vauban ¹⁶	Property-owning and operating company	France
Docks 76 SAS ¹⁷	Intermediate holding company	France
SNC Docks 76 ¹⁸	Property-owning and operating company	France
Saint Sever SAS ¹⁹	Intermediate holding company	France
SNC Cegep et Compagnie ("Cegep") ²⁰	Parking operating company	France
SCI du Centre Commercial de Rouen Saint Sever ("Rouen Saint Sever") ²¹	Property-owning and operating company	France
SCI des Bureaux de Rouen Bretagne ("Rouen Bretagne") ²²	Property-owning and operating company	France
SCI Fonciere Marceau Saint Sever ("Marceau Saint Sever") ²³	Property-owning and operating company	France
SCI Rouen-Verrerie ("Rouen-Verrerie") ²⁴	Property-owning and operating company	France
Gross balance at the reporting date		

COMPANY									
Effective interest 2021 %	Effective interest 2020 %	Share capital ²⁵ 2021 EUR	Investment 2021 EUR	Loan amount ^{26,27} 2021 EUR	Total 2021 EUR	Investment 2020 EUR	Loan amount ^{26,27} 2020 EUR	Total 2020 EUR	
100	100	309 038 340	340 001 528	327 659 173	667 660 701	47 200 000	–	47 200 000	
100	100	200	200	(200)	–	200	236 698 597	236 698 797	
100	100	6 766 908	6 766 908	269 273	7 036 181	–	269 273	269 273	
100	100	160 028 230	–	1 129 740	1 129 740	–	398 740	398 740	
100	100	42 471 446	–	8 275	8 275	100	53 934 642	53 934 742	
100	100	59 690 263	–	29 897	29 897	100	62 163 468	62 163 568	
100	100	23 773 161	–	–	–	–	–	–	
100	100	960 000	–	–	–	–	–	–	
100	100	50 000	–	–	–	–	–	–	
100	100	50 000	–	–	–	–	–	–	
100	n/a	50 000	50 000	–	50 000	–	–	–	
75	n/a	7 468 275	5 601 206	1 879 519	7 480 725	–	–	–	
75	n/a	59 554 204	–	–	–	–	–	–	
75	n/a	5 903 001	–	–	–	–	–	–	
75	n/a	201	–	–	–	–	–	–	
75	n/a	50 877 061	–	–	–	–	–	–	
75	n/a	65 741 571	–	–	–	–	–	–	
75	n/a	5 001 000	–	–	–	–	–	–	
75	n/a	84 376 204	–	–	–	–	–	–	
75	n/a	45 735	–	–	–	–	–	–	
75	n/a	1 524	–	–	–	–	–	–	
75	n/a	1 524	–	–	–	–	–	–	
75	n/a	1 000	–	–	–	–	–	–	
75	n/a	101 524	–	–	–	–	–	–	
		881 951 372	352 419 842	330 975 677	683 395 519	47 200 400	353 464 720	400 665 120	

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE, AND LOANS TO/(FROM) SUBSIDIARIES continued

5.1 Investment in and loans to subsidiaries continued

Gross balance at the beginning of the period

Cumulative impairments recognised:²⁷

- Investment in Lighthouse Properties One
- Loans to Lighthouse Investments
- Investment in Lighthouse One UK
- Loans to Lighthouse One UK
- Investment in and loans to Lighthouse Netherlands Two

Net balances at the end of the period

Investment in subsidiaries – non-current

Non-interest-bearing loans to subsidiaries – current

¹ The company redomiciled from Mauritius to Malta on 23 November 2021. The company's name changed from Lighthouse One Limited to Lighthouse Properties One effective on the date of redomiciliation to Malta. Share capital held by Lighthouse Properties. The company is a wholly-owned subsidiary. The share capital in the prior year was EUR 17 200 000.

² Share capital held by Lighthouse Properties. The company is a wholly-owned subsidiary, and is in the process of being deregistered.

³ Share capital held by Lighthouse Properties. The company is a wholly-owned subsidiary. The company receives asset management fees of 50,0% (2020: 7,5%) per annum of asset management fee income received by Lighthouse Netherlands from Forum Coimbra. The share capital in the prior year was EUR 17 200 000.

⁴ The share capital is held by Lighthouse Properties One. The company is an indirect wholly-owned subsidiary. The company pays asset management fees of 50% (2020: 7,5%) per annum of asset management fee income received from Forum Coimbra to Lighthouse One UK. The share capital in the prior year was EUR 17 200 000. The company receives asset management fees of 0,65% per annum on the most recent fair value of investment properties from Forum Coimbra. The company receives asset management fees of 0,80% per annum on the most recent fair value of investment properties from Planet Koper.

⁵ Share capital held through Lighthouse Properties One. The company is an indirect wholly-owned subsidiary. The share capital in the prior year was EUR 100.

⁶ Share capital held through Lighthouse Properties One. The company is an indirect wholly-owned subsidiary. The share capital in the prior year was EUR 100.

⁷ Share capital held through Lighthouse Netherlands. The company is an indirect wholly-owned subsidiary. The company pays asset management fees of 0,80% per annum on the most recent fair value of investment properties to Lighthouse Netherlands.

⁸ Share capital held through Lighthouse Netherlands. The company is an indirect wholly-owned subsidiary.

⁹ Share capital held through Torre de Farol. The company is an indirect wholly-owned subsidiary. The company pays asset management fees of 0,65% per annum on the most recent fair value of investment properties to Lighthouse Netherlands.

¹⁰ Share capital held through Torre de Farol. The company is an indirect wholly-owned subsidiary.

¹¹ Share capital is held by Lighthouse Properties. The company was incorporated on 27 July 2021 and is a wholly-owned subsidiary.

¹² Share capital is held by Lighthouse Properties. The company was incorporated on 8 September 2021. Lighthouse Properties holds 75% of the shares in the company, and the remaining 25% is held by Resilient.

¹³ Share capital is held by Retail Property Investments. The company is an indirectly owned subsidiary, effectively 75% held.

¹⁴ Share capital is held by Rivetoile SAS. The company is an indirectly owned subsidiary, effectively 75% held.

¹⁵ Share capital is held by Retail Property Investments. The company is an indirectly owned subsidiary, effectively 75% held.

¹⁶ Share capital is held by Docks Vauban SAS. The company is an indirectly owned subsidiary, effectively 75% held.

¹⁷ Share capital is held by Retail Property Investments. The company is an indirectly owned subsidiary, effectively 75% held.

COMPANY							
Share capital ²⁵ 2021 EUR	Investment 2021 EUR	Loan amount ^{26,27} 2021 EUR	Total 2021 EUR	Investment 2020 EUR	Loan amount ^{26,27} 2020 EUR	Total 2020 EUR	
881 951 372	352 419 842	330 975 677	683 395 519	47 200 400	353 464 720	400 665 120	
-	(19 044 608)	-	(19 044 608)	(39 835 539)	-	(39 835 539)	
-	-	-	-	-	(18 434 409)	(18 434 409)	
-	(6 387 294)	-	(6 387 294)	-	-	-	
-	-	-	-	-	(266 305)	(266 305)	
-	-	-	-	(100)	(70 960)	(71 060)	
881 951 372	326 987 940	330 975 677	657 963 617	7 364 761	334 693 046	342 057 807	
	326 987 940	-	326 987 940	7 364 761	334 288 010	341 652 771	
	-	330 975 677	330 975 677	-	405 036	405 036	
	326 987 940	330 975 677	657 963 617	7 364 761	334 693 046	342 057 807	

¹⁸ Share capital is held by Docks 76 SAS. The company is an indirectly owned subsidiary, effectively 75% held.

¹⁹ Share capital is held by Retail Property Investments. The company is an indirectly owned subsidiary, effectively 75% held.

²⁰ Share capital is held by Saint Sever SAS. The company is an indirectly owned subsidiary, effectively 75% held.

²¹ Share capital is held by Saint Sever SAS. The company is an indirectly owned subsidiary, effectively 75% held.

²² Share capital is held by Saint Sever SAS. The company is an indirectly owned subsidiary, effectively 75% held.

²³ Share capital is held by Saint Sever SAS. The company is an indirectly owned subsidiary, effectively 75% held.

²⁴ Share capital is held by Saint Sever SAS. The company is an indirectly owned subsidiary, effectively 75% held.

²⁵ Share capital amounts disclosed include share capital, share premium and supplementary share capital, as applicable. Unless disclosed otherwise in the notes above the share capital of the relevant entity was the same in 2021 and 2020, as applicable.

²⁶ Refer to note 25.4.2 for additional details related to the estimated fair value of loans to subsidiaries.

²⁷ All of the Company's investments in and loans to subsidiaries have been assessed for impairment at the reporting date. Substantially all the assets of subsidiaries are carried at fair value. Management's impairment assessments include a consideration of the subsidiaries' net asset values and the quantum and timing of cash flows via the valuations of investment properties and listed investments, which are carried at fair value. The impairments originated primarily as a result of the historical cumulative impact of fair value losses on listed and/or property investments in the underlying subsidiaries, which largely reversed during the current reporting period. For loans from subsidiaries the counterparties' overall liquidity, including quantity and timing of cash flows, was considered. The value-in-use recoverable amount of the loans approximated the carrying value and accordingly no impairment loss was required on these loans. Refer to note 6 for details of impairment charges.

The class of shares held in subsidiary companies consists only of ordinary share capital.

Amounts owing by subsidiaries are unsecured, some of which bear interest at fixed rates agreed from time to time, and the terms of repayment are specific to individual tranches advanced:

- ▶ Range of interest rates: nil to 7,50% per annum; and
- ▶ Range of maturity dates: nil to eight years.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE, AND LOANS TO/(FROM) SUBSIDIARIES continued

5.2 Loans from Group companies

	COMPANY	
	Loan amount 2021 EUR	Loan amount 2020 EUR
Subsidiaries		
Lighthouse Properties One	–	3 271 924
	–	3 271 924

5.3 Financial information of Retail Property Investments SAS

On 8 September 2021, Lighthouse Properties (75% shareholding) and Resilient (25% shareholding) jointly incorporated Retail Property Investments. Effective 30 September 2021, Retail Property Investments acquired the French properties.

Refer to notes 5.1 and 19.3 for additional details.

	COMPANY	
	Total 31 Dec 2021 EUR	Total 31 Dec 2020 EUR
Summarised consolidated statement of financial position¹		
Non-current assets	331 800 000	–
Current assets	28 203 504	–
Total assets	360 003 504	–
Equity	36 903 600	–
Non-current liabilities	300 306 964	–
Current liabilities	22 792 940	–
Total equity and liabilities	360 003 504	–
Summarised consolidated income statement¹		
Property rental and related revenue	11 589 281	–
Fair value gain on investment property	25 939 204	–
Property operating expenses	(5 211 363)	–
Administrative and other expenses	(515 590)	–
Finance costs	(2 366 208)	–
Net profit	29 435 324	–

¹ The information has been extracted from the audited consolidated financial information of Retail Property Investments at 31 December 2021.

5.4 Investment in equity-accounted associate

	GROUP	
	Total 2021 EUR	Total 2020 EUR
Hammerson plc		
Carrying amount		
Cumulative cost at the date that significant influence was obtained ¹	–	133 958 199
Carrying value at the beginning of the period	69 987 352	–
Costs capitalised during the period ²	45 325 265	30 809 641
Share of Hammerson comprehensive profit or loss recognised during the period	(75 930 555)	(79 016 019)
Share of Hammerson comprehensive profit or loss during the period	(113 285 719)	(79 016 019)
Share of Hammerson comprehensive profit or loss not recognised during the period	37 355 164	–
Dividend ³	(39 382 062)	(15 764 469)
Investment in equity-accounted associate^{4,5,6}	–	69 987 352
Share of loss of equity-accounted associate	(70 905 185)	(75 544 971)
Share of other comprehensive income of equity-accounted associate	(5 025 370)	(3 471 048)
Share of Hammerson comprehensive profit or loss recognised in Lighthouse profit or loss and other comprehensive income	(75 930 555)	(79 016 019)

¹ The original carrying amount of the investment in associate, which was obtained in a multiple-step acquisition, was determined to be fair value on the date that significant influence was obtained, i.e. 30 September 2020.

² Further investments in the associate were capitalised to the carrying amount at cost, including transaction costs.

³ The dividends paid by Hammerson in 2021 (2020: during 2020) were in the form of scrip dividends, and increased the cost of the investment by EUR 39,4 million (2020: EUR 15,8 million).

⁴ The investment carrying value was written down to nil at the reporting date. There was no objective evidence of impairment at the prior reporting date.

⁵ Refer to note 4 for a summary of the difference in accounting treatment of the investment in Hammerson between the Group and Company.

⁶ The total cash paid for the investment in Hammerson during the period amounted to EUR 5,9 million (2020: EUR 235,3 million), as disclosed in the consolidated statement of cash flows on page 24.

The Group obtained significant influence for purposes of IFRS over Hammerson at close of business on 30 September 2020. On that date, the Company's holding was 19,33%, and it had a representative on the Hammerson board of directors. On 8 October 2020, the Company breached the 20% investment threshold in Hammerson. The investment, which was previously accounted for at fair value through profit or loss, was therefore accounted for as an associate with effect from 30 September 2020.

The fair value of the investment was EUR 385,1 million at the reporting date (2020: EUR 244,1 million). The Group's investments in Hammerson with a fair value of EUR 316,0 million held through Lighthouse Netherlands, Lighthouse Investments Netherlands and Lighthouse Netherlands Two serve as collateral for the Deutsche Bank share loan, as disclosed in note 12.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE, AND LOANS FROM/(TO) SUBSIDIARIES continued**5.4 Investment in equity-accounted associate** continuedSummarised financial information of Hammerson⁷

	GROUP	
	Total 31 Dec 2021 GBP	Total 31 Dec 2020 GBP
Summarised consolidated statement of financial position		
Non-current assets	4 367 300 000	5 353 500 000
Current assets	475 200 000	552 800 000
Assets held for sale	71 400 000	–
Total assets	4 913 900 000	5 906 300 000
Equity	2 746 000 000	3 208 900 000
Non-current liabilities	1 987 900 000	2 373 800 000
Current liabilities	180 000 000	323 600 000
Total equity and liabilities	4 913 900 000	5 906 300 000

	GROUP	
	Total Year ended 31 Dec 2021 GBP	Total Year ended 31 Dec 2020 GBP
Summarised consolidated income statement		
Revenue	134 800 000	182 900 000
Operating profit before other net losses and share of results of joint ventures and associates	12 100 000	31 200 000
Other net losses and shares of joint ventures and associates	(322 200 000)	(1 693 400 000)
Operating loss	(310 100 000)	(1 662 200 000)
Net finance costs	(97 900 000)	(72 200 000)
Loss before tax	(408 000 000)	(1 734 400 000)
Tax charge	(1 300 000)	(500 000)
Loss from discontinued operations	(19 800 000)	–
Loss attributable to equity shareholders	(429 100 000)	(1 734 900 000)

⁷ The summarised financial information presented above has been extracted from Hammerson's audited IFRS financial statements. No significant differences in accounting policies were noted.

5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE, AND LOANS FROM/(TO) SUBSIDIARIES continued

5.4 Investment in equity-accounted associate continued

Reconciliation to carrying amounts	Shareholding %	Total GBP	Lighthouse share of post-acquisition reserves GBP	Lighthouse share of post-acquisition reserves EUR
Opening net assets – 30 September 2020 ⁸	19,33	3 560 100 000	–	–
Loss for the three months ended 31 December 2020	21,10	(323 250 000)	(68 202 000)	(75 544 971)
Other comprehensive income for the three months ended 31 December 2020	21,10	(14 850 000)	(3 133 662)	(3 471 048)
Dividends paid	21,42	(71 500 000)	(14 269 997)	(15 764 469)
Scrip dividend-related share issue	21,42	58 400 000	–	–
Closing net assets – 31 December 2020	21,64	3 208 900 000	(85 605 659)	(94 780 488)
Loss for the year ended 31 December 2021	21,95	(429 100 000)	(93 760 968)	(108 260 349)
Other comprehensive income for the year ended 31 December 2021	21,95	(20 000 000)	(4 363 247)	(5 025 370)
Dividends paid	21,95	(135 700 000)	(33 180 284)	(39 382 062)
Scrip dividend-related share issue	21,95	122 100 000	–	–
Other changes in net equity	21,95	(200 000)	–	–
Foreign currency translation difference	21,95	–	–	(10 369 899)
Closing net assets – 31 December 2021	22,35	2 746 000 000	(216 910 159)	(257 818 168)
Lighthouse share of post-acquisition reserves that exceed carrying value of investment in associate				47 725 064
Cumulative post-acquisition reserves recognised in profit or loss and other comprehensive income				(210 093 104)

⁸ Deemed date on which Lighthouse obtained significant influence in Hammerson.

Hammerson is incorporated in the UK, and is classified as a real estate investment trust (“REIT”). Its property portfolio consists of flagship retail shopping centres and premium outlets in the UK and Europe. Hammerson has a primary listing on the London Stock Exchange and secondary listings on the Johannesburg and Irish stock exchanges.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

6. GOODWILL AND IMPAIRMENTS**6.1 Goodwill**

On 31 May 2017, the Group acquired a 50% interest in Torre de Farol (formerly known as LocaViseu). The Group exercised joint control over the arrangement as a result of a contractual agreement between the Group and Resilient Investments B.V., its joint venture partner.

On 2 August 2018, the Group acquired the remaining 50% interest in Torre de Farol, at which date Torre de Farol became a wholly-owned subsidiary of the Group and was fully consolidated.

	GROUP	
	2021 EUR	2020 EUR
Goodwill recognised at acquisition of Torre de Farol ¹	24 280 132	24 280 132
Cumulative goodwill impairment	(12 199 927)	–
Goodwill opening balance at the reporting date	12 080 205	24 280 132
Goodwill charge relating to the sale of Forum Viseu ²	–	(1 214 007)
Goodwill impairment charge ³	(12 080 205)	(10 985 920)
Goodwill carrying amount at the reporting date	–	12 080 205

¹ The goodwill relates to the deferred tax liability assumed on acquisition. Typically, European property transactions entail the disposal of companies instead of underlying properties and it is management's view that the deferred tax in the Torre de Farol group will not become payable. The goodwill balance was assessed for impairment, as required by IFRS, and reduced to the estimated recoverable amount at the prior reporting date. Taking into account market information and potential recovery in future transactions, management deemed it appropriate to impair the balance of the goodwill in the current year.

² The portion of goodwill related to the sale of Forum Viseu has been expensed in 2020 (also refer to note 3).

³ The net asset value of Torre de Farol is substantially at fair value, which eliminates the need for significant management estimates during impairment assessments. Due to adverse property market conditions and a decrease in related Torre de Farol deferred tax liabilities, the Group has impaired goodwill in 2020.

6.2 Impairment (loss)/reversal

	GROUP		COMPANY	
	Total 2021 EUR	Total 2020 EUR	Total 2021 EUR	Total 2020 EUR
Impairment (losses)/reversals recognised during the reporting period:				
– Investment in Lighthouse Properties One ¹	–	–	20 790 931	(18 475 183)
– Investment in Lighthouse One UK ¹	–	–	(6 387 293)	–
– Investment in Lighthouse Netherlands B.V. ¹	–	–	–	–
– Loans to Lighthouse Investments ¹	–	–	18 434 409	(18 434 409)
– Loans to Lighthouse One UK ¹	–	–	266 304	(266 305)
– Investment in Lighthouse Netherlands Two ¹	–	–	100	(100)
– Loans to Lighthouse Netherlands Two ¹	–	–	70 960	(70 960)
– Investment in Greenbay Tivoli ²	(1 163)	–	–	–
– Goodwill ³	(12 080 205)	(12 199 927)	–	–
Impairment (losses)/reversals recognised in profit or loss⁴	(12 081 368)	(12 199 927)	33 175 411	(37 246 957)

¹ Refer to note 5.1 for further details, including a description of the circumstances that led to the impairments or reversal of impairments, respectively.

² Impairment on final deregistration of company.

³ Refer to note 6.1.

⁴ Impairment charges on tenant receivables are included in property operating expenses in profit or loss.

7. FINANCIAL AND OTHER ASSETS

7.1 Financial assets

	GROUP		COMPANY	
	Total 2021 EUR	Total 2020 EUR	Total 2021 EUR	Total 2020 EUR
Derivative cash margin ¹	3 108 818	3 851 587	–	–
– JP Morgan	3 108 818	3 851 587	–	–
Fair value of interest rate derivatives ²	936 182	193 715	–	302
Total financial assets	4 045 000	4 045 302	–	302
Financial assets – non-current	4 045 000	4 045 302	–	302
Carrying amount at the reporting date – non-current and current	4 045 000	4 045 302	–	302
Financial assets measured at fair value through profit or loss ²	936 182	193 715	–	302

¹ The Company utilises derivatives to manage specific risks, e.g. interest rate and foreign currency risks. Derivative positions often have collateral or margin requirements, which are specific to each underlying security.

² Refer to note 25.4 for fair value information.

7.2 Other assets

	GROUP		COMPANY	
	Total 2021 EUR	Total 2020 EUR	Total 2021 EUR	Total 2020 EUR
Right-of-use asset – property lease ¹	–	104 808	–	–
Total other assets	–	104 808	–	–

¹ The right-of-use lease asset relates to the lease of an office in Amsterdam.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

8. SHARE INCENTIVE

The Lighthouse Share Incentive plan ("Share Incentive") was authorised by shareholders at the annual general meeting on 31 July 2017.

The purpose of the plan is to create shareholder value by aligning the interests of employees with shareholders.

In terms of the plan, eligible employees may receive annual performance awards which will provide them with the conditional right to receive Lighthouse Properties shares for no consideration, at a future date, provided that employees are still in the employ of the Group. The aforementioned Share Incentive awards are equity-settled, which conditional shares with rights to dividends may be awarded to participants annually and vest in equal annual tranches over five years from the date of the award.

The long-term and short-term incentives issued during the period were approved by the board in terms of the Share Incentive. No loans were offered to or are outstanding from employees or directors in connection with the Share Incentive or otherwise during the current or prior reporting periods.

	GROUP	
	2021 Number of shares	2020 Number of shares
Shares issued to directors and employees during the period:		
Directors:		
Justin J Muller	506 675	–
Jacobus F van Biljon	421 506	–
Employees	571 648	–
Shares awarded during the period	1 499 829	–
Reconciliation of shares		
Unvested shares at the beginning of the period	–	–
Shares awarded during the period	1 499 829	–
Shares vested during the period	–	–
Unvested shares at the end of the period¹	1 499 829	–

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Unvested share awards at the period end ²	687 522	–	262 044	–
Amortisation of long-term share incentive in profit or loss ³	194 302	–	–	–

¹ Included in treasury shares in the statement of financial position and statement of changes in equity until the shares vest, as noted above.

² Included in treasury shares in the statements of financial position and changes in equity until vesting.

³ Included in administrative and other expenses in the statement of profit or loss and other comprehensive income, and the share-based payment reserve in the statement of changes in equity.

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Trade and other receivables include the following:				
Tenant receivables ¹	10 857 996	955 947	–	–
VAT receivable	5 326 642	546 849	–	–
Prepayments ²	6 617 701	395 599	–	–
Insurance receivable	796 369	–	–	–
Income tax receivable	136 000	–	–	–
Other receivables	1 123 896	104 347	4 605	43 783
Carrying amount at the reporting date	24 858 604	2 002 742	4 605	43 783

¹ Tenant receivables are net of loss allowances. Refer to note 25.1 for details of the loss allowances.

² The prepayments primarily related to project costs and expenses paid in advance, which are expensed in the periods to which they relate. These prepayments include mostly condominium costs and insurance premiums paid in advance.

The maximum exposure to credit risk at the reporting date pertaining to these receivables is the carrying amount of the receivables. Refer to note 25.1 for details on credit risk of trade and other receivables. The Company does not typically hold collateral as security. The Group holds limited bank guarantees and tenant deposits as security for certain tenant receivables.

10. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Cash at bank and in hand	15 800 460	34 054 093	724 438	9 218 241
	15 800 460	34 054 093	724 438	9 218 241
Reconciliation to the cash flow statement				
The above figures reconcile to the amount shown in the statement of cash flows at the end of the financial year as follows:				
Balances as above	15 800 460	34 054 093	724 438	9 218 241
Bank overdrafts (see note 12)	(1 612 511)	–	(1 612 512)	–
Balances per statement of cash flows	14 187 949	34 054 093	(888 074)	9 218 241

11. SHARE CAPITAL

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Authorised ¹				
100 000 000 000 (2020: 2 770 127 176 ordinary shares of no par value) ordinary shares with a par value of EUR 0,01 per share				
Issued ¹				
1 624 873 544 (2020: 1 207 790 136) ordinary shares with a par value at an average of EUR 0,01 (2020: no par value shares with an average value of EUR 0,287) per share*	16 248 733	346 556 171	16 248 733	346 556 171

* Transaction costs recognised as a deduction from equity amounted to EUR 0,4 million (2020: EUR 0,49 million).

¹ The Company redomiciled from Mauritius to Malta effective 29 December 2021. On the date of redomiciliation, the Company's share capital converted from shares with no par value to shares with par value of EUR 0,01 per share. As a result, EUR 369 852 303 was transferred from share capital to share premium on the date of redomiciliation. The Company has only one class of shares in issue. Accordingly, there are no special rights, preferences or restrictions attached to any of the authorised or issued shares.

NOTES TO THE FINANCIAL STATEMENTS continued

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11. SHARE CAPITAL continued

11.1 Transfers from stated capital to non-distributable reserve, share cancellation and share issuances: 2020

- ▶ The Company successfully raised EUR 70,5 million through a rights offer by issuing 150 000 000 new shares at 47 EUR cents per share on the Stock Exchange of Mauritius (“SEM”) and 775 ZAR cents per share on the JSE in December 2019.
- ▶ The Company completed a bookbuild equity raise (the “equity raise”) on 20 May 2020, wherein the Company confirmed that it would be issuing 600 000 000 new shares to both related and non-related parties.

A total of 122 785 101 new shares were issued on 3 June 2020 to non-related parties in exchange for:

- ZAR 255 million in cash;
- 1 472 500 Hammerson shares; and
- 6 687 400 NEPI Rockcastle plc (“NEPI Rockcastle”) shares.

A total of 477 214 899 new shares were issued on 12 August 2020 to related parties in exchange for:

- ZAR 12,1 million in cash; and
- 38 192 246 NEPI Rockcastle shares.

- ▶ Shareholders authorised the transfer of EUR 105,0 million from stated capital to non-distributable reserve at a general meeting of the Company held on 7 August 2020.

2021

- ▶ On 19 March 2021, the Company issued 1 499 829 Share Incentive shares at EUR 0,46 per share.
- ▶ Shareholders authorised the transfer of EUR 150,0 million from stated capital to non-distributable reserve at a general meeting of the Company held on 30 April 2021.
- ▶ The Company completed a bookbuild equity raise (the “equity raise”) on 20 August 2021, wherein the Company confirmed that it issued 320 987 654 new shares at EUR 0,46 per share (net of costs).
- ▶ The Company delisted from the SEM effective 29 October 2021. In anticipation of the delisting from the SEM, the Company made a buyback offer to all shareholders on the SEM register. In terms of the buyback offer, the Company repurchased 188 809 shares at EUR 0,48 per share on 22 October 2021.

11.2 Reconciliation of movement in issued shares during the reporting period

	GROUP		COMPANY	
	2021	2020	2021	2020
Balance at the beginning of the year	1 207 790 136	457 790 136	1 207 790 136	457 790 136
Shares issued by way of scrip distribution:	94 784 734	–	94 784 734	–
19 April 2021	39 801 811	–	39 801 811	–
8 September 2021	54 982 923	–	54 982 923	–
Cancelled or acquired during the period ¹	(188 809)	–	(188 809)	–
Incentive shares issued on 19 March 2021 ²	1 499 829	–	1 499 829	–
Shares issued – rights offer:	–	150 000 000	–	150 000 000
20 December 2019	–	150 000 000	–	150 000 000
Shares issued – bookbuild:	320 987 654	600 000 000	320 987 654	600 000 000
3 June 2020	–	122 785 101	–	122 785 101
12 August 2020	–	477 214 899	–	477 214 899
20 August 2021	320 987 654	–	320 987 654	–
Balance at the end of the year	1 624 873 544	1 207 790 136	1 624 873 544	1 207 790 136

¹ The Company repurchased and cancelled 188 809 shares on 28 October 2021 pursuant to the delisting from the SEM.

² 1 499 829 shares were awarded to directors in terms of the Lighthouse Share Incentive (note 8).

12. INTEREST-BEARING BORROWINGS

The Group's interest-bearing borrowings comprise short-term and long-term interest-bearing borrowings. The borrowings, together with shareholder equity, are used to fund the Company's investment and operating activities. The Company's investment mandate allows gearing of up to 35% of the total qualifying asset value (LTV).

	GROUP	
	2021 %	2020 %
LTV ¹	13,6	13,0

¹ The LTV is calculated by dividing total interest-bearing borrowings, adjusted for cash and cash equivalents and derivative cash margin, by the total of investments in property, listed securities at fair value, investment in associate at fair value and loans advanced.

The Group's exposure to interest rate, foreign currency and liquidity risk is discussed in note 25.

	GROUP			
	Nominal interest rate	Maturity	Fair value ¹ EUR	Carrying amount EUR
2021				
Interest-bearing borrowings				
Forum Coimbra – term loan	Fixed 2,15% ²	November 2024	78 532 877	77 524 823
Planet Koper Mall – term loan	Euribor plus 2,75% ³	December 2026	20 698 405	20 455 810
Deutsche Bank – share loan	Euribor plus 4,50%	September 2023	39 655 811	39 655 811
Bank of America Merrill Lynch – overdraft	Euribor plus 0,50%	On demand	1 612 512	1 612 512
External bank borrowings			140 499 605	139 248 956
Loans from Resilient ⁴	Euribor plus 3,75%	September 2026	73 864 046	73 864 046
Total interest-bearing borrowings			214 363 651	213 113 002
Current interest-bearing borrowings				
Forum Coimbra – term loan				(342 737)
Planet Koper Mall – term loan				1 410 737
Bank of America Merrill Lynch – overdraft				1 612 512
Current				2 680 512
Non-current				210 432 490
Total				213 113 002
2020				
Interest-bearing borrowings				
Forums Coimbra and Viseu – term loan	Fixed 2,15% ²	November 2024	85 283 592	83 651 858
Planet Koper Mall – term loan	Euribor plus 2,75% ³	December 2026	22 210 435	21 792 095
Current portion included in current liabilities			(1 034 972)	(1 034 972)
			106 459 055	104 408 981

¹ The differences in fair value compared to the carrying amount relate to the fixed rate and floor components of the Forum Coimbra and Planet Koper loans, respectively.

² The fixed interest rate is subject to a 4% stamp duty on interest, i.e. the nominal interest rate payable is approximately 2,24% (2020: 2,24%) per annum (including stamp duties).

³ The Euribor floating interest rate is subject to a minimum (floor) of 0%, i.e. the minimum total interest rate payable is 2,75% per annum.

⁴ The loans from Resilient relate to the French acquisition, and comprise Resilient's 25% pro rata shareholder loans to the various French subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

12. INTEREST-BEARING BORROWINGS continued

	GROUP	
	2021 EUR	2020 EUR
Interest-bearing borrowings are secured by the following:		
Investment property as security for interest-bearing borrowings¹		
Forum Coimbra – term loan ²	183 827 000	182 267 000
Planet Koper – term loan ³	66 300 000	66 200 000
	250 127 000	248 467 000
Investments as security for interest-bearing borrowings⁴		
Deutsche Bank share loan – investment in Hammerson shares ⁵	316 016 915	–
	316 016 915	–

¹ Refer to note 3 for details of investment property serving as security for external borrowings.

² Forum Coimbra (including Forum Viseu in the prior period) – Syndicate led by ING Bank Sucursal em Portugal

The Group contracted a secured loan facility from ING Bank for Forum Coimbra amounting to EUR 85,5 million (2020: EUR 5,5 million). The facility matures in November 2024 and is repayable in full at maturity. Interest is due quarterly in arrears.

Security: First ranking mortgage over the property; a pledge of credit rights and bank accounts; an assignment of receivables; and a pledge of shares in Forum Coimbra – Sociedade de Imobiliária, S.A.

Covenants: LTV ratio of maximum 60,0% (2020: 60%); interest cover ratio of minimum 2,5; minimum net operating income of EUR 7,8 million per annum.

Forum Coimbra was granted a temporary reduction of the net operating income covenant to EUR 7,0 million per annum for 2020 and EUR 5,0 million per annum for 2021.

Forum Coimbra complied with all amended covenants during 2021 and 2020.

³ Planet Koper – NLB Bank

The Group contracted a secured loan facility from Nova Ljubljanska Banka d.d. for Planet Koper Mall amounting to EUR 27,5 million, which matures in December 2026; 50% of which is repayable in monthly instalments with a final payment of 50%.

Security: A first ranking mortgage over the property; general security over the rental income of Planet Koper Mall; suretyship by Lighthouse Properties p.l.c.; pledge of shares in Lighthouse Investments doo.

Covenants: LTV ratio of maximum 50%; debt service cover ratio of minimum 1,8 (2020: 1,7); equity ratio of at least 0,5; interest cover ratio of minimum 1,4. Lighthouse Investments doo complied with all amended covenants during 2021 and 2020.

⁴ Refer to note 5.4 for details of investments serving as security for external borrowings.

⁵ Deutsche Bank share loan

The Group contracted a share loan facility from Deutsche Bank amounting to EUR 40,0 million, which matures in September 2023; 100% of which is repayable at maturity.

Security: Pledge of all shares held in Hammerson by Lighthouse Netherlands, Lighthouse Investments Netherlands and Lighthouse Netherlands Two.

Covenants: LTV ratio of maximum margin of 23,5%; Hammerson share price < GBP 0.1925 per share; Hammerson level drop in ratings agency debt credit rating; significant deterioration in trading liquidity of Hammerson shares; or significant short-term decrease in Hammerson share price compliance with covenants.

12. INTEREST-BEARING BORROWINGS continued

	GROUP	
	2021 Limit	2021 Measurement
Forum Coimbra – term loan:		
LTV ratio	< 60,0%	42,7%
Net operating income	> EUR 7,8 million	EUR 10,2 million
Planet Koper Mall – term loan:		
LTV ratio	< 50,0%	31,2%
Debt service coverage ratio	> 1,8	1,9
Equity ratio	> 50,0%	69,0%
Interest cover ratio	> 1,4	5,6
Deutsche Bank – share loan:		
LTV ratio	< 23,5%	12,7%
Share price	> GBP 0,1925	GBP 0,328
Rating agency credit rating	Decrease in credit rating	Stable
Significant deterioration in trading liquidity	> 60%	83%
Significant short-term decrease in share price:		
– During last three days of trading	> (20,0%)	(0,2%)
– During last five days of trading	> (25,0%)	(0,2%)

13. DEFERRED TAX

	GROUP	
	2021 EUR	2020 EUR
The deferred tax liability comprises the following:		
Cumulative investment property statutory tax allowances	17 382 043	16 472 243
Cumulative fair value adjustments of investment properties	11 909 951	11 707 348
Assessed tax losses ¹	(391 744)	(358 175)
Other ²	(115 997)	(356 941)
Balance at the end of the period	28 784 253	27 464 475
Balance at the beginning of the period	27 464 475	32 037 986
Recognised in profit or loss	1 319 778	(4 573 511)
Balance at the end of the period	28 784 253	27 464 475

¹ The Group has not recognised deferred tax assets related to assessed losses in jurisdictions where such assessed losses are unlikely to be utilised.

² The balance substantially consists of impairment losses on tenant receivables.

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14. FINANCIAL LIABILITIES

	GROUP	
	2021 EUR	2020 EUR
Tenant deposits	5 315 586	458 356
Other	68 000	91 597
Total financial liabilities	5 383 586	549 953
Financial liabilities – non-current	5 383 586	495 489
Financial liabilities – current	–	54 464
Total financial liabilities	5 383 586	549 953

15. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Trade and other payables include the following:				
Tenant prepayments	5 904 006	1 710 444	–	–
Accrued expenses	1 982 638	1 033 263	328 454	278 613
Trade payables	9 684 088	648 557	–	–
VAT payable	4 042 188	272 202	–	–
Condominium service charges payable	1 915 218	–	–	–
Intercompany loan from Resilient ¹	626 298	–	–	–
Other ²	1 839 924	258 671	244	91 015
Total trade and other payables	25 994 360	3 923 137	328 698	369 628

¹ The loans from Resilient relate to the French acquisition, and comprise Resilient's 25% pro rata shareholder loans to the various French subsidiaries.

² The balance primarily consists of project costs due to contractors and deferred amounts payable for transaction costs related to the acquisition of the French properties.

16. REVENUE

16.1 Property rental and related revenue

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Property rental and related revenue includes the following:				
Property rental revenue	23 774 904	21 772 042	–	–
COVID-19-related discounts ⁴	–	(1 895 535)	–	–
Tenant recovery (service charge) revenue	8 161 412	6 261 051	–	–
Property rental and related revenue^{1,2,3}	31 936 316	26 137 558	–	–

¹ All property rental and related revenue is in respect of investment properties, as disclosed in note 3.

² Property rental and related revenues of approximately EUR 3,35 million (2020: EUR 2,6 million) received from the Inditex group exceeded 10% of the Group's total revenue during the reporting period.

³ Substantially all property operating expenses, presented in profit or loss, related to investment properties that generated rental revenue during the current and prior reporting periods.

⁴ These COVID-19-related discounts consist of the legislated turnover-only rental mentioned in note 3. Further COVID-19-related discounts of EUR 1,3 million (2020: EUR 2,8 million) have been included as part of property operating expenses, as they relate to invoices that had already been issued at the time the ad hoc discounts were granted.

16. REVENUE continued**16.2 Investment revenue**

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Investment revenue includes the following:				
Dividend income from listed equity investments	3 629 962	2 455 962	10 901 355	6 503 606
Derivative premium income	–	1 424 994	–	1 424 994
Total investment revenue	3 629 962	3 880 956	10 901 355	7 928 600

17. (LOSS)/PROFIT BEFORE TAX

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
(Loss)/profit before tax includes:				
Auditor's remuneration ¹				
– audit fee	(360 516)	(127 068)	(132 075)	(60 475)
– other assurance fees	(9 200)	(5 205)	(9 200)	–
Brokerage fees	(136 108)	(548 267)	(129 505)	(855 151)
Directors' remuneration				
– services as director (non-executive directors)	(143 927)	(162 831)	(143 927)	(162 831)
– other services (executive directors)	(1 827 140)	(1 108 138)	(500 285)	(493 753)
Employee benefits ² (excluding executive director remuneration)	(808 959)	(803 100)	(16 266)	(263 262)
Transaction costs	–	(877 939)	–	–
Travel and accommodation	(159 829)	(124 832)	(13 483)	(32 106)

¹ No non-assurance fees were incurred with respect to the Company's auditor for 2021 or 2020.

² The company had an average of two employees during the year (2020: two employees).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

17. (LOSS)/PROFIT BEFORE TAX continued**17.1 Non-executive directors' remuneration**

	GROUP AND COMPANY	
	2021 EUR	2020 EUR
Non-executive director		
David Axten ¹	11 009	21 850
Stuart Bird ²	2 850	5 048
Karen Bodenstein	23 009	28 200
Desmond de Beer ³	19 841	10 433
Anthony Doublet ⁴	7 045	–
Paul Edwards ⁵	16 187	32 050
Mark Olivier	30 672	33 200
Stephen Paris ⁶	8 341	–
Barry Stuhler	24 973	32 050
	143 927	162 831

¹ David Axten resigned as a non-executive director of the Company on 5 August 2021.

² Stuart Bird was appointed as a director of the Company on 12 February 2020. Stuart earned non-executive director's fees on a pro-rated basis from the date of his appointment until he was appointed as alternate director to Des de Beer on 27 May 2020. On 5 November 2021, Stuart was appointed to the board of Lighthouse as an independent non-executive director.

³ Des de Beer was appointed as director of the Company on 27 May 2020.

⁴ Anthony Doublet was appointed as a director of the Company on 5 August 2021. Anthony earned non-executive director's fees on a pro-rated basis from the date of his appointment.

⁵ Paul Edwards resigned as a non-executive director of the Company on 5 August 2021.

⁶ Stephen Paris was appointed as a director of the Company on 5 August 2021. Stephen earned non-executive director's fees on a pro-rated basis from the date of his appointment.

17.2 Executive directors' remuneration

	GROUP					
	Salary	Bonus	Share	Salary	Bonus	Share
	2021 EUR	2021 EUR	incentive 2021 EUR	2020 EUR	2020 EUR	incentive 2020 EUR
Executive director						
Stephen Delpport ¹	402 725	–	–	286 993	78 613	–
Justin Muller	229 167	247 000	232 260	255 313	69 678	–
Jacobus van Biljon	204 710	180 500	193 218	217 229	72 165	–
Jan Wandrag ²	16 828	1 406	–	128 147	–	–
Nina Kretzmann ³	79 326	–	–	–	–	–
Edward Mc Donald ⁴	40 000	–	–	–	–	–
	972 756	428 906	425 478	887 682	220 456	–

¹ Stephen Delpport resigned as a director effective 12 July 2021. A settlement of EUR 241 695 is included in the 2021 salary amount.

² Jan Wandrag resigned as a director effective 5 February 2021.

³ Nina Kretzmann was appointed as a director effective 5 February 2021 and resigned as a director effective 18 October 2021.

⁴ Edward Mc Donald was appointed as a director effective 18 October 2021.

17. (LOSS)/PROFIT BEFORE TAX continued

17.2 Executive directors' remuneration continued

	COMPANY					
	Salary	Bonus	Share	Salary	Bonus	Share
	2021 EUR	2021 EUR	incentive 2021 EUR	2020 EUR	2020 EUR	incentive 2020 EUR
Executive director						
Stephen Delpoort ¹	402 725	–	–	286 993	78 613	–
Justin Muller	–	–	–	–	–	–
Jacobus van Bijlon	–	–	–	–	–	–
Jan Wandrag ²	16 828	1 406	–	128 147	–	–
Nina Kretzmann ³	79 326	–	–	–	–	–
Edward Mc Donald ⁴	–	–	–	–	–	–
	498 879	1 406	–	415 140	78 613	–

¹ Stephen Delpoort resigned as a director effective 12 July 2021. A settlement of EUR 241 695 for loss of office is included in the 2021 salary amount.

² Jan Wandrag resigned as a director effective 5 February 2021.

³ Nina Kretzmann was appointed as a director effective 5 February 2021 and resigned as a director effective 18 October 2021.

⁴ Edward Mc Donald was appointed as a director effective 18 October 2021.

18. INCOME TAX

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Current tax	(1 192 449)	(1 358 406)	(76 974)	(200 479)
Deferred tax (refer to note 13)	(1 319 778)	4 573 510	–	–
Income tax recognised in profit or loss	(2 512 227)	3 215 104	(76 974)	(200 479)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

18. INCOME TAX continued**Reconciliation of tax rate**

	GROUP		COMPANY	
	2021 %	2020 %	2021 %	2020 %
Standard tax rate ¹	25,50	15,00	35,00	15,00
Foreign tax credit ²	–	(12,00)	–	(12,00)
Difference in foreign tax rates	(35,29)	1,08	(1,37)	–
Underprovision prior year	–	0,01	–	0,03
Permanent differences:				
Fair value gain/loss on investments and currency, interest rate and other derivatives	(32,58)	(2,64)	(31,39)	(3,16)
Non-deductible expenses	–	(0,18)	–	–
Non-recognition of deferred tax assets related to assessed tax losses	(4,29)	(0,08)	–	–
Non-taxable income ³	39,03	(0,02)	(2,20)	(0,05)
Other	(0,05)	–	–	–
Effective tax rate	(7,68)	1,17	0,04	(0,18)

¹ Lighthouse Properties migrated from Mauritius to Malta effective 29 December 2021. Lighthouse Properties' place of effective management was changed to Malta effective 5 August 2021. The Mauritian standard corporate tax rate is 15,0% (2020 and up to 4 August 2021). The Malta standard corporate tax rate is 35,0%, which was effective from 5 August 2021. As Torre de Farol Properties (Portugal) became the most significant contributor of taxable income in the Group in the current year, the Group standard tax rate was based on the Portugal standard tax rate of Torre de Farol, i.e. 25,5%.

² Effective for 2020 and 1 January 2021 to 4 August 2021: The Company held a Category 1 Global Business ("GBC 1") Licence for the purpose of the Financial Services Act 2007 of Mauritius. The Company is subject to 15% income tax in Mauritius according to the provisions of the Income Tax Act 1995, as amended. As the Company holds a Global Business Licence, the Income Tax (Foreign Tax Credit) Regulations 1996 provide for the off-setting of any underlying tax, withholding tax, or tax sparing credit by the Company against the 15% tax or a deemed 80% foreign tax credit on the Company's foreign source income where written evidence of foreign tax charged is not presented to the tax authorities in Mauritius. Gains/(losses) on sale of securities are exempted from tax in Mauritius. Pursuant to the enactment of the Finance Act 2018, all companies categorised as "GBC 1" companies will now be licensed as "Global Business Licence" companies. Effective from January 2019, the deemed Foreign Tax Credit regime available to GBC 1 companies will be abolished. Companies which had obtained their GBC 1 Licence on or before 16 October 2017, including the Company, have been grandfathered and benefited from the deemed tax credit regime up to 30 June 2021. The Company's Malta flat rate foreign tax credit for 2021 is 14,82%.

³ Non-taxable income relates primarily to dividend income, which is not taxable in the relevant jurisdictions due to the participation exemption on dividend income from subsidiaries.

19. NOTES TO THE STATEMENT OF CASH FLOWS

19.1 Cash generated from operations

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
(Loss)/profit before tax	(32 716 441)	(274 408 326)	173 530 643	(112 163 163)
<i>Adjusted for:</i>				
Finance income	(162 424)	(455 089)	(162 391)	(454 516)
Interest income from Group companies	–	–	(3 359 113)	(7 912 337)
Fair value (gain)/loss on investment property (excluding straight-lining of rental revenue adjustment)	(26 806 667)	16 381 385	–	–
Fair value (gain)/loss on investments	(3 664 439)	146 407 897	(116 321 399)	56 751 030
Fair value (gain)/loss on currency, interest rate and other derivatives	(3 076 368)	27 359 880	(2 333 600)	28 347 326
Impairment loss/(reversals)	12 081 368	12 199 927	(33 175 411)	37 246 957
Straight-lining of rental revenue adjustment	(328 967)	–	–	–
Foreign exchange (gain)/loss on cash and cash equivalents	(1 274 848)	5 129 726	(3 784 496)	2 800 680
Share of loss of associate	70 905 185	91 309 440	–	–
Share incentive scheme amortisation	194 302	–	–	–
Depreciation (right-of-use asset)	132 654	(16 391)	–	–
Rental (lease liability)	(21 169)	(9 697)	–	–
Interest (lease liability)	(70 561)	–	–	–
Finance costs	4 416 699	4 563 219	196 072	204 614
	19 608 324	28 461 971	14 590 305	4 820 591
<i>Changes in working capital:</i>				
(Increase)/decrease in trade and other receivables	115 613	2 536 066	39 178	(42 987)
Tenant deposits	134 871	–	–	–
Decrease in trade and other payables	(2 563 654)	(3 988 800)	(40 930)	(4 173)
Cash generated from operations	17 295 154	27 009 237	14 588 553	4 773 431

19.2 Income tax paid

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Income tax payable at the beginning of the period	126 910	126 814	100 097	(39 636)
Recognised in profit or loss	1 192 449	1 358 407	76 974	200 479
Income tax payable at the end of the year	(322 762)	(126 910)	–	(100 097)
Income tax receivable at the end of the year	136 000	–	–	–
Acquisition of French subsidiaries	(169 964)	–	–	–
Income tax paid	962 633	1 358 311	177 071	60 746

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

19. NOTES TO THE STATEMENT OF CASH FLOWS continued**19.3 Acquisition of French properties**

Effective on 30 September 2021, the Group acquired a 75% interest in four French shopping centres, held through various legal entities.

The remaining 25% interest in the shopping centres is held by Resilient. Refer to notes 3 and 5 for additional details.

	GROUP	
	2021 EUR	2020 EUR
Investment property	(303 290 030)	–
Other assets	(27 846)	–
Trade and other receivables	(22 835 342)	–
Cash	(4 097 443)	–
Interest-bearing borrowings	293 089 976	–
Financial liabilities	4 722 359	–
Trade and other payables	25 180 015	–
Income tax receivable	(169 964)	–
Initial purchase price paid on 30 September 2021	(7 428 275)	–
Estimated remaining purchase price payable at the reporting date	(545 138)	–
Total cost to obtain control	(7 973 413)	–
Non-controlling participation in acquisition	1 867 069	–
<i>Plus:</i> Cash acquired	4 097 443	–
Loans advanced	(293 089 976)	–
Cash flow effect of investment in French subsidiaries	(295 098 877)	–

19.4 Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Cash and cash equivalents	15 800 460	34 054 093	724 438	9 218 241
Bank overdrafts	(1 612 511)	–	(1 612 512)	–
Borrowings (excluding bank overdrafts)	(211 500 491)	(105 443 953)	–	–
Net debt	(197 312 542)	(71 389 860)	(888 074)	9 218 241

19. NOTES TO THE STATEMENT OF CASH FLOWS continued**19.4 Net debt reconciliation** continued

	GROUP		
	Liabilities from financing activities Borrowings EUR	Other assets Cash/bank overdraft EUR	Total EUR
Net debt at 1 October 2019	(125 279 151)	16 983 498	(108 295 653)
Financing cash flows	20 947 509	17 520 878	38 468 387
Foreign exchange adjustments	–	(450 283)	(450 283)
Other changes			
Interest expense	(4 563 219)	–	(4 563 219)
Interest payments (presented as operating cash flows)	3 450 908	–	3 450 908
Net debt at 31 December 2020	(105 443 953)	34 054 093	(71 389 860)
Financing cash flows	(105 522 170)	(20 333 507)	(125 855 677)
Foreign exchange adjustments	–	467 363	467 363
Interest expense	(4 416 699)	–	(4 416 699)
Interest payments (presented as operating cash flows)	3 882 331	–	3 882 331
Net debt at 31 December 2021	(211 500 491)	14 187 949	(197 312 542)

	COMPANY		
	Liabilities from financing activities Borrowings EUR	Other assets Cash/bank overdraft EUR	Total EUR
Net debt at 1 October 2019	–	2 417 914	2 417 914
Financing cash flows	–	7 249 672	7 249 672
Foreign exchange adjustments	–	(449 345)	(449 345)
Net debt at 31 December 2020	–	9 218 241	9 218 241
Financing cash flows	–	(9 801 612)	(9 801 612)
Foreign exchange adjustments	–	(304 703)	(304 703)
Net debt at 31 December 2021	–	(888 074)	(888 074)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

20. CONTINGENT LIABILITIES AND COMMITMENTS

20.1 Contingent liabilities

The only contingent liabilities relevant to the current and prior periods relate to ongoing operational claims, of which final settlement, if any, is not likely to be significant.

20.2 Commitments

	GROUP	
	2021 EUR	2020 EUR
The Group has capital commitments related to current construction and refurbishment projects at the reporting date	22 396 682	–

21. (LOSS)/PROFIT AND DILUTED (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the current and prior periods is based on:

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
(Loss)/profit for the year attributable to equity holders of the Company	(42 587 499)	(271 193 222)	173 453 669	(112 363 642)
Weighted average ordinary shares in issue during the year	1 369 808 195	784 744 191	1 370 987 513	784 744 191

Dilutionary instruments have a negligible impact on the company's earnings and headline earnings per share.

The weighted average number of shares for basic and diluted earnings per share purposes is determined as follows:

Date	Event	GROUP		
		Number of shares	% of period	Weighted average
2021				
Friday, 1 January 2021	Opening balance	1 207 790 136	100	1 207 790 136
Friday, 19 March 2021	Incentive shares issued	–	79	449 488
Monday, 19 April 2021	Scrip distribution	39 801 811	70	27 915 791
Friday, 20 August 2021	Issue via bookbuild	320 987 654	36	116 962 625
Wednesday, 8 September 2021	Scrip distribution	54 982 923	31	17 172 749
Thursday, 28 October 2021	Share repurchase	(188 809)	18	(33 106)
Friday, 31 December 2021	Balance at reporting date	1 623 373 715		1 370 257 683

Date	Event	GROUP		
		Number of shares	% of period	Weighted average
2020				
Tuesday, 1 October 2019	Opening balance	457 790 136	100	457 790 136
Friday, 20 December 2019	Rights issue	150 000 000	82	123 471 616
Wednesday, 3 June 2020	Issue via bookbuild	122 785 101	46	56 566 935
Wednesday, 12 August 2020	Issue via bookbuild	477 214 899	31	146 915 504
Thursday, 31 December 2020	Balance at reporting date	1 207 790 136		784 744 191

21. (LOSS)/PROFIT AND DILUTED (LOSS)/EARNINGS PER SHARE continued

Date	Event	COMPANY		
		Number of shares	% of period	Weighted average
2021				
Friday, 1 January 2021	Opening balance	1 207 790 136	100	1 207 790 136
Friday, 19 March 2021	Incentive shares issued	571 648	79	449 488
Monday, 19 April 2021	Scrip distribution	39 801 811	70	27 915 791
Friday, 20 August 2021	Issue via bookbuild	320 987 654	36	116 962 625
Wednesday, 8 September 2021	Scrip distribution	54 982 923	31	17 172 749
Thursday, 28 October 2021	Share repurchase	(188 809)	18	(33 106)
Friday, 31 December 2021	Balance at reporting date	1 623 945 363		1 370 257 683
2020				
Tuesday, 1 October 2019	Opening balance	457 790 136	100	457 790 136
Friday, 20 December 2019	Rights issue	150 000 000	82	123 471 616
Wednesday, 3 June 2020	Issue via bookbuild	122 785 101	46	56 566 935
Wednesday, 12 August 2020	Issue via bookbuild	477 214 899	31	146 915 504
Thursday, 31 December 2020	Balance at reporting date	1 207 790 136		784 744 191

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

22. HEADLINE LOSS AND DILUTED HEADLINE LOSS PER SHARE

	GROUP			
	Gross 2021 EUR	Net¹ 2021 EUR	Gross 2020 EUR	Net¹ 2020 EUR
Basic and diluted loss per share (EUR cents)	–	(3,11)	–	(34,56)
Reconciliation of profit/(loss) for the year to headline loss:				
Basic earnings – loss for the year attributable to equity holders of the Company	–	(42 587 499)	–	(271 193 222)
<i>Adjusted for:</i>				
Impairment loss on goodwill	12 081 368	12 081 368	12 199 927	12 199 927
Fair value (gain)/loss on investment property	(26 806 667)	(20 083 562)	16 381 385	12 807 417
Fair value loss on investment property of associate	23 524 680	23 524 680	25 582 912	25 582 912
Headline loss		(27 065 013)		(220 602 966)
Weighted average shares in issue during the period		1 369 808 195		784 744 191
Headline loss and diluted headline loss per share (EUR cents)		(1,98)		(28,11)

¹ Net of income tax effect.

	COMPANY			
	Gross 2021 EUR	Net¹ 2021 EUR	Gross 2020 EUR	Net¹ 2020 EUR
Basic and diluted loss per share (EUR cents)		12,66		(14,32)
Reconciliation of profit/loss for the year to headline loss:				
Basic earnings – profit/loss for the year attributable to equity holders of the Company		173 453 669		(112 363 642)
<i>Adjusted for:</i>				
Impairment (reversal)/expenses	(14 403 738)	(14 403 738)	18 475 283	18 475 283
Headline profit/(loss)		159 049 931		(93 888 359)
Weighted average shares in issue during the year		1 370 987 513		784 744 191
Headline profit/(loss) and diluted headline profit/(loss) per share (EUR cents)		11,60		(11,96)

¹ Net of income tax effect.

23. EVENTS AFTER THE REPORTING PERIOD AND GOING CONCERN

23.1 Events after the reporting period

- ▶ On 11 March 2022, the directors declared a distribution of EUR 0,0161 per share related to the last six months of the 2021 reporting period.
- ▶ On 7 March 2022 Retail Property Investments and subsidiaries drew down on a EUR 135 million facility, secured by the French malls, from a syndication of French banks led by Natixis.
- ▶ The Group entered into an agreement to purchase the Torrecárdenas shopping centre in Almeria, Spain.

23.2 Going concern

The directors have assessed the Group's ability to continue as a going concern. At and subsequent to the reporting date, the Group maintained a substantial positive net asset value and strong liquidity position with at least EUR 15 million of cash on hand and EUR 15 million of ungeared highly liquid infrastructure investments.

The COVID-19 pandemic has had an adverse impact on rental income, collections of tenant receivables and property valuations. These factors were considered as part of the going concern assessment. The Group's solvency and liquidity have been thoroughly assessed to determine the potential further impact of COVID-19 by, inter alia, considering a range of factors, including a deep-stress scenario.

Liquidity

The Group raised financing of circa EUR 135 million against its French properties on 7 March 2022. Lighthouse remains well capitalised to meet its liquidity needs during this period of uncertainty. The Group has no significant debt maturities in the next 12 months.

Debt covenants

The value of direct investment properties impacts LTV debt covenants. At the reporting date, no covenants were breached. All debt covenants are proactively monitored to manage and address any potential breaches and the Group has a safe range for covenant compliance in the upcoming year. The Group properties' respective LTVs at the reporting date are well below the maximum thresholds of the related LTV covenants.

Other considerations

The Group strengthened its balance sheet and liquidity position by raising EUR 189 million during the reporting period.

Overall assessment by the board

In its assessment of the going concern assumption, the Lighthouse board has taken cognisance of the impact of COVID-19 and determined that the going concern assumption for the Group and the Company remains valid and reasonable.

24. OPERATING LEASE RENTAL REVENUE

	GROUP	
	2021 EUR	2020 EUR
Contractual rental revenue from tenants can be analysed as follows: ^{1,2}		
Within one year	42 530 785	14 937 550
Within one to two years	38 320 100	12 785 784
Within two to three years	34 026 371	11 701 765
Within three to four years	29 923 759	9 392 342
Within four to five years	26 380 709	5 445 034
Within one to five years	171 181 724	54 262 475
More than five years	101 509 366	11 926 265
	272 691 090	66 188 740

¹ Contractual rental revenue from tenants excludes cost recovery contributions.

² The Group is party to numerous leasing contracts as the lessor of property. All leases are classified as operating leases, which are those leases where the Group retains a significant portion of the risks and rewards of ownership.

The Group is party to operating leasing arrangements as the lessor of retail properties to various tenants. Typical lease periods vary between three and five years.

NOTES TO THE FINANCIAL STATEMENTS continued

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25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS**25.1 Credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Loans to subsidiaries ¹	-	-	330 975 677	353 464 720
Financial assets:				
Derivative cash margin ¹	3 108 818	3 851 587	-	-
Fair value of interest rate derivatives ¹	936 182	193 715	-	302
Trade and other receivables (excluding non-financial assets):				
Tenant receivables ¹	10 857 996	955 947	-	-
Insurance receivable	796 369	-	-	-
Cash and cash equivalents ¹	15 800 460	34 054 093	724 438	9 218 241
	31 499 825	39 055 342	331 700 115	362 683 263
Loans to subsidiaries	-	-	330 975 677	353 464 720
Deemed net fair value of underlying investments allocable to loans to subsidiaries ¹	-	-	(330 975 677)	(334 693 046)
Net exposure	-	-	-	18 771 674

¹ Refer to note 2.1 for credit risk management details.

	GROUP	
	2021 EUR	2020 EUR
Tenant receivables: ¹		
Current and <90 days past due (not in default) ²	4 357 399	955 947
– Gross carrying amount	4 546 810	1 043 733
– Loss allowance	(189 411)	(87 786)
> 90 days past due (in default) ²	6 500 597	-
– Gross carrying amount	20 719 377	293 944
– Loss allowance	(14 218 780)	(293 944)
Total carrying value	10 857 996	955 947
– Total gross carrying amount	25 266 187	1 337 677
– Total loss allowance	(14 408 191)	(381 730)
– Total gross carrying amount	25 266 187	1 337 677
A	7 687 841	868 848
B	13 317 048	331 538
C	4 261 298	137 291
– Total impairment loss allowance	(14 408 191)	(381 730)
A	(4 040 171)	(211 437)
B	(7 849 956)	(52 075)
C	(2 518 064)	(118 218)
Reconciliation of loss allowance:		
Opening balance at the beginning of the reporting period	(381 730)	(523 716)
Tenant receivables impairment charge included in property operating expenses	(557 643)	(548 030)
Write-offs during the period ³	136 299	690 016
Acquisition of French properties on 30 September 2021	(13 605 117)	-
Closing balance at the end of the reporting period	(14 408 191)	(381 730)

¹ Refer to note 2.1 for credit risk management details.

² Default is defined as arrears in excess of 90 days overdue.

³ Write-offs occur when arrears are in default and qualify for write-offs per the tax regulations in the relevant jurisdiction.

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued**25.1 Credit risk** continued

Tenant receivables' weighted average loss rates per tenant category: ^{1,4}	GROUP			
	< 30 days due %	< 60 days due %	< 90 days due %	Overdue %
2021				
Category A (Large international/national tenants and government)	7,0	5,0	7,0	69,0
Category B (National tenants and medium to large professional firms)	7,0	5,0	8,0	91,0
Category C (All other tenants)	8,0	6,0	9,0	87,0
2020				
Category A (Large international/national tenants and government)	27,7	65,0	80,0	100,0
Category B (National tenants and medium to large professional firms)	31,1	73,1	90,0	100,0
Category C (All other tenants)	34,6	81,2	100,0	100,0

¹ Refer to note 2.1 for credit risk management details.

² Default is defined as arrears in excess of 90 days overdue.

³ Write-offs occur when arrears are in default and qualify for write-offs per the tax regulations in the relevant jurisdiction.

⁴ The weighted average loss rates have been determined based on the historical credit loss experience for each category of tenant receivables on an ageing basis. The historical credit loss rates are then amended for the estimated impact of forward-looking adjustments for macroeconomic indicators, based on the respective consumer confidence indices and retail sales growth statistics. The historical credit losses have been increased by a factor of 150% (2020: 400%) (up to a maximum total ECL of 100%) during the reporting period for the estimated impact of the relevant macroeconomic indicators.

25.2 Liquidity risk

Set out below are the contractual maturities of financial liabilities, including interest payments. The amounts are gross and undiscounted.

	GROUP					
	Carrying value EUR	Contractual outflows EUR	0 – 3 months EUR	4 – 12 months EUR	> 1 – 5 years EUR	More than 5 years EUR
2021						
Interest-bearing borrowings	213 113 002	213 113 002	1 612 512	1 068 000	210 432 490	–
Financial liabilities	5 383 586	5 315 586	–	–	5 315 586	–
Trade and other payables	21 952 171	21 952 171	19 485 950	2 466 221	–	–
2020						
Interest-bearing borrowings	105 443 953	117 196 287	948 766	2 865 888	97 867 033	15 514 600
Financial liabilities	549 953	554 015	13 626	40 970	499 419	–
Trade and other payables	1 940 491	1 940 491	1 681 820	258 671	–	–
	COMPANY					
	Carrying value EUR	Contractual outflows EUR	0 – 3 months EUR	4 – 12 months EUR	> 1 – 5 years EUR	More than 5 years EUR
2021						
Interest-bearing borrowings	1 612 512	1 612 512	1 612 512	–	–	–
Trade and other payables	328 698	328 698	328 698	–	–	–
2020						
Trade and other payables	369 628	369 628	369 628	–	–	–

The Group's treasury function is rigorously managed to ensure that cash resources are adequate to meet liquidity and funding requirements.

NOTES TO THE FINANCIAL STATEMENTS continued

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25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued**25.2 Liquidity risk** continued

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Permitted borrowings				
Total gross qualifying assets	900 530 815	347 188 884	84 600 718	75 081 335
35% (2020: 45%) borrowing limit of total gross qualifying assets	315 185 785	156 234 998	29 610 251	33 786 601
Total gross interest-bearing borrowings less cash and cash equivalents and derivative cash margin	(194 203 724)	(67 538 273)	(888 074)	9 218 241
Unutilised borrowing capacity	120 982 061	88 696 725	28 722 177	43 004 842

25.3 Market risk**25.3.1 Interest rate risk**

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Interest-bearing instruments comprise:				
Variable rate instruments				
Cash and cash equivalents	15 800 460	34 054 093	724 438	9 218 241
Derivative cash margin	3 108 818	3 851 587	–	–
Interest-bearing borrowings ¹	(135 188 179)	(21 792 095)	–	–
Net variable rate interest-bearing instruments	(116 678 901)	16 113 585	724 438	9 218 241

¹ Includes EUR 73,9 million of loans from Resilient related to the French acquisition, and comprises Resilient's 25% pro rata shareholder loans to the various French subsidiaries.

The exposure of liabilities and borrowings to contractual repricing dates of interest rates are as follows:

	GROUP				
	1 – 3 months EUR	4 – 12 months EUR	2 – 5 years EUR	More than 5 years EUR	Total EUR
2021					
Interest-bearing borrowings	1 612 512	–	133 975 667	–	135 588 179
Total liabilities and borrowings	1 612 512	–	133 975 667	–	135 588 308
2020					
Interest-bearing borrowings	21 792 095	–	–	–	21 792 095
Total liabilities and borrowings	21 792 095	–	–	–	21 792 095

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued

25.3 Market risk continued

25.3.1 Interest rate risk continued

Cash flow sensitivity analysis for variable rate instruments

Interest

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) the profit or loss before tax for the period by the amounts shown below. This analysis assumes that all other variables remain constant.

	GROUP	
	Increase EUR	Decrease EUR
2021		
Cash and cash equivalents	79 002	(79 002)
Derivative cash margin	15 544	(15 544)
Interest-bearing borrowings	(677 941)	677 941
Cash flow sensitivity (net)¹	(583 395)	583 395
2020		
Cash and cash equivalents	170 270	(170 270)
Derivative cash margin	19 258	(19 258)
Interest-bearing borrowings	(108 960)	108 960
Cash flow sensitivity (net)¹	80 568	(80 568)
	COMPANY	
	Increase EUR	Decrease EUR
2021		
Cash and cash equivalents	3 622	(3 622)
Cash flow sensitivity (net)¹	3 622	(3 622)
2020		
Cash and cash equivalents	46 091	(46 091)
Cash flow sensitivity (net)¹	46 091	(46 091)

¹ The cash flow sensitivity approximates the change to profit or loss before tax.

The Group adopts a policy of hedging, at a minimum, interest rates on all interest-bearing borrowings related to direct property investments.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued**25.3 Market risk** continued**25.3.1 Interest rate risk** continued

Details of existing interest rate derivatives are:

	GROUP			
	Maturity	Nominal amount EUR	Strike rate %	Fair value EUR
2021				
Interest rate cap	Jan 2022	27 385 417	–	–
Interest rate cap	Jul 2024	25 000 000	0,46	69 460
Interest rate cap	Dec 2025	25 000 000	0,63	200 229
Interest rate cap	Jul 2026	25 000 000	0,70	258 612
Interest rate cap	Nov 2027	25 000 000	0,87	407 881
Total		127 385 417		936 182
Weighted average maturity/rate	3,3 years		0,52	
2020				
Interest rate cap	Jan 2022	27 385 417	–	302
Interest rate cap	Jul 2024	25 000 000	0,46	11 981
Interest rate cap	Dec 2025	25 000 000	0,63	36 056
Interest rate cap	Jul 2026	25 000 000	0,70	49 810
Interest rate cap	Nov 2027	25 000 000	0,87	95 566
Total		127 385 417		193 715
Weighted average maturity/rate	4,6 years		0,52	
	COMPANY			
	Maturity	Nominal amount EUR	Strike rate %	Fair value EUR
2021				
Interest rate cap	Jan 2022	27 385 417	–	–
Total		27 385 417	–	–
Weighted average maturity/rate	0 years		–	–
2020				
Interest rate cap	Jan 2022	27 385 417	–	302
Total		27 385 417		302
Weighted average maturity/rate	1,3 years		–	–

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued

25.3 Market risk continued

25.3.2 Equity price risk

The carrying amount of financial assets and fair value of investment in associate represent the maximum equity price risk exposure.

The maximum exposure to equity price risk at the reporting date was:

	GROUP		COMPANY	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Listed security investments ¹	400 617 633	272 880 851	84 600 718	75 081 335
Gross exposure to listed equity security investments	400 617 633	272 880 851	84 600 718	75 081 335

A 20% (2020: 12,2%) change in the market value of gross listed security investments at the reporting date would have increased/decreased profit or (loss) before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	GROUP	
	Increase EUR	Decrease EUR
Profit or (loss) before tax		
2021		
Listed security investments ¹	80 123 527	(80 123 527)
	80 123 527	(80 123 527)
2020		
Listed security investments	33 291 464	(33 291 464)
	33 291 464	(33 291 464)
	COMPANY	
	Increase EUR	Decrease EUR
Profit or (loss) before tax		
2021		
Listed security investments ¹	16 920 144	(16 920 144)
	16 920 144	(16 920 144)
2020		
Listed security investments	9 159 923	(9 159 923)
	9 159 923	(9 159 923)

¹ Includes the impact on the fair value of the investment in associate.

NOTES TO THE FINANCIAL STATEMENTS continued

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25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued**25.3 Market risk** continued**25.3.3 Currency risk**

The Group and Company's reporting currency is EUR. The Group companies' functional currencies are set out below:

	2021	2020
Lighthouse Properties p.l.c.	EUR	EUR
Lighthouse Properties One Limited	EUR	EUR
Lighthouse Investments Limited	EUR	EUR
Lighthouse One UK Limited	EUR	EUR
Lighthouse Netherlands B.V.	EUR	EUR
Lighthouse Investments Netherlands B.V.	EUR	EUR
Lighthouse Netherlands Two B.V.	EUR	EUR
Lighthouse Investments d.o.o.	EUR	EUR
Torre de Farol Properties – Sociedade de Gestão de Imóveis, S.A.	EUR	EUR
Forum Coimbra – Sociedade Imobiliária, S.A.	EUR	EUR
RPPSE Forum Viseu – Sociedade Imobiliária, S.A.	EUR	EUR
Lighthouse France SAS	EUR	n/a
Retail Property Investments SAS	EUR	n/a
Rivetoile SAS	EUR	n/a
SNC Rivetoile	EUR	n/a
Docks Vauban SAS	EUR	n/a
SNC Vauban	EUR	n/a
Docks 76 SAS	EUR	n/a
SNC Docks 76	EUR	n/a
Saint Sever SAS	EUR	n/a
SNC Cegep et Compagnie	EUR	n/a
SCI du Centre Commercial de Rouen Saint Sever	EUR	n/a
SCI des Bureaux de Rouen Bretagne	EUR	n/a
SCI Fonciere Marceau Saint Sever	EUR	n/a
SCI Rouen-Verrerie	EUR	n/a

The Group and Company's exposure to foreign currency risk, respectively, is primarily as a result of:

- ▶ Lighthouse Properties investments in listed equity securities denominated in foreign currencies; and
- ▶ Lighthouse Properties raising capital and paying distributions in South African Rand ("ZAR") on the JSE from time to time.

The below foreign currency sensitivities and rates have been applied in calculating the effect that the Group and Company's exposure to foreign currencies could have on profit or loss:¹

	2021 FX sensitivity % applied	2020 FX sensitivity % applied	2021 Average FX rate for the reporting period	2020 Average FX rate for the reporting period	2021 Closing FX rate at the reporting date	2020 Closing FX rate at the reporting date
AUD/EUR		3,7		1,65		1,59
CAD/EUR		7,5		1,52		1,55
HKD/EUR		10,5		8,82		9,47
SGD/EUR		6,6		1,56		1,61
GBP/EUR	5,9	1,2	0,86	0,88	0,84	0,89
USD/EUR		11,7		1,13		1,22
ZAR/EUR	3,9	7,1	17,49	18,28	18,13	17,95

¹ The foreign exchange sensitivities were determined by selecting the larger of each respective currency pair:

- ▶ Absolute percentage change between the opening and closing spot rates of the reporting period; and
- ▶ Absolute percentage change between the average and closing spot rates of the reporting period.

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued

25.3 Market risk continued

25.3.3 Currency risk continued

At the reporting date, if the EUR had weakened/strengthened by the relevant sensitivity against the other currencies, with all variables constant, profit or loss before tax for the year would have been impacted as follows:

	Changes in profit or (loss) before tax			
	GROUP		COMPANY	
	EUR weakened ¹ EUR	EUR strengthened ¹ EUR	EUR weakened ¹ EUR	EUR strengthened ¹ EUR
2021				
Investments at fair value through profit or loss	22 718 693	(22 718 693)	4 046 077	(4 046 077)
Net financial assets and liabilities (excluding equity swap derivative cash margin)	–	–	10 115	(10 115)
Trade and other receivables	3 067	(3 067)	178	(178)
Cash and cash equivalents (including equity swap derivative cash margin)	28 332	(28 332)	24 422	(24 422)
Trade and other payables	(1 224)	1 224	(18)	18
	22 748 868	(22 748 868)	4 080 774	(4 080 774)
GBP/EUR	22 740 336	(22 740 336)	4 064 867	(4 064 867)
ZAR/EUR	8 532	(8 532)	15 907	(15 907)
	22 748 868	(22 748 868)	4 080 774	(4 080 774)

¹ The foreign exchange sensitivities were determined by selecting the larger of each respective currency pair:

- ▶ Absolute percentage change between the opening and closing spot rates of the reporting period; and
- ▶ Absolute percentage change between the average and closing spot rates of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS continued

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25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued**25.3 Market risk** continued**25.3.3 Currency risk** continued

	Changes in profit or (loss) before tax			
	GROUP		COMPANY	
	EUR weakened ¹ EUR	EUR strengthened ¹ EUR	EUR weakened ¹ EUR	EUR strengthened ¹ EUR
At the reporting date, if the EUR had weakened/ strengthened by the relevant sensitivity against the other currencies, with all variables constant, profit or loss before tax for the year would have been impacted as follows:				
2020				
Investments at fair value through profit or loss	5 182 704	(5 182 704)	2 789 882	(2 789 882)
Trade and other receivables	3 280	(3 280)	3 298	(3 298)
Cash and cash equivalents (including equity swap derivative cash margin)	622 022	(622 022)	623 344	(623 344)
Trade and other payables	(1 698)	1 698	(10 446)	10 446
	5 806 308	(5 806 308)	3 406 078	(3 406 078)
CAD/EUR	582 451	(582 451)	585 604	(585 604)
HKD/EUR	1 298 659	(1 298 659)	1 293 046	(1 293 046)
GBP/EUR	2 942 963	(2 942 963)	551 068	(551 068)
USD/EUR	965 927	(965 927)	968 826	(968 826)
ZAR/EUR	16 308	(16 308)	7 534	(7 534)
	5 806 308	(5 806 308)	3 406 078	(3 406 078)

¹ The foreign exchange sensitivities were determined by selecting the larger of each respective currency pair:

- ▶ Absolute percentage change between the opening and closing spot rates of the reporting period; and
- ▶ Absolute percentage change between the average and closing spot rates of the reporting period.

At the reporting date, the fair value of the Group's non-EUR-denominated investments comprised the following:

- ▶ Investment in associate, Hammerson GBP 324,0 million (2020: GBP 218,2 million); and
- ▶ 2021: None (2020: Listed investment portfolio: CAD 12,0 million, HKD 117,1 million and USD 3,9 million).

The Group has no non-EUR-denominated debt and Lighthouse's equity swap derivatives were closed out in the prior reporting period. The Group is therefore exposed to currency movements associated with its investments in Hammerson in 2021 and 2020 and listed infrastructure securities in 2020.

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued**25.4 Fair values**

25.4.1 Classification of financial assets and liabilities

	GROUP				
	Fair value through profit or loss EUR	Financial assets at amortised cost EUR	Financial liabilities at amortised cost EUR	Not in scope of IFRS 9 EUR	Total EUR
2021					
Financial assets					
Investments	15 555 040	–	–	–	15 555 040
Financial assets	936 182	3 108 818	–	–	4 045 000
Trade and other receivables	–	18 408 066	–	6 450 538	24 858 604
Cash and cash equivalents	–	15 800 460	–	–	15 800 460
	16 491 222	37 317 344	–	6 450 538	60 259 104
Financial liabilities					
Interest-bearing borrowings	–	–	213 113 002	–	213 113 002
Financial liabilities	–	–	5 315 586	68 000	5 383 586
Trade and other payables	–	–	24 154 437	1 839 923	25 994 360
	–	–	242 583 025	1 907 923	244 490 948
2020					
Financial assets					
Investments	28 734 532	–	–	–	28 734 532
Financial assets	193 715	3 851 587	–	–	4 045 302
Trade and other receivables	–	1 351 546	–	651 196	2 002 742
Cash and cash equivalents	–	34 054 093	–	–	34 054 093
	28 928 247	39 257 226	–	651 196	68 836 669
Financial liabilities					
Interest-bearing borrowings	–	–	105 443 953	–	105 443 953
Financial liabilities	–	–	458 356	91 597	549 953
Trade and other payables	–	–	3 664 466	258 671	3 923 137
	–	–	109 566 775	350 268	109 917 043

NOTES TO THE FINANCIAL STATEMENTS continued

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25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued**25.4 Fair values** continued**25.4.1 Classification of financial assets and liabilities** continued

	COMPANY					Total EUR
	Fair value through profit or loss EUR	Financial assets at amortised cost EUR	Financial liabilities at amortised cost EUR	Not in scope of IFRS 9 EUR		
2021						
Financial assets						
Investments	84 600 718	–	–	–	–	84 600 718
Loans to subsidiaries	–	330 975 677	–	–	–	330 975 677
Trade and other receivables	–	–	–	4 605	–	4 605
Cash and cash equivalents	–	–	724 438	–	–	724 438
	84 600 718	330 975 677	724 438	4 605	–	416 305 438
Financial liabilities						
Trade and other payables	–	–	–	328 698	–	328 698
	–	–	–	328 698	–	328 698
2020						
Financial assets						
Investments	75 081 335	–	–	–	–	75 081 335
Loans to subsidiaries	–	334 693 046	–	–	–	334 693 046
Financial and other assets	302	–	–	–	–	302
Trade and other receivables	–	–	–	43 783	–	43 783
Cash and cash equivalents	–	–	9 218 241	–	–	9 218 241
	75 081 637	334 693 046	9 218 241	43 783	–	419 036 707
Financial liabilities						
Trade and other payables	–	–	–	369 628	–	369 628
	–	–	–	369 628	–	369 628

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued

25.4 Fair values continued

25.4.2 Fair value measurement of assets and liabilities

The table below analyses financial instruments and investment property measured at fair value, by valuation method. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The different levels have been defined as:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in 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 assets or liabilities that are not based on observable market data (unobservable inputs).

	GROUP			
	Level 1 EUR	Level 2 EUR	Level 3 EUR	Fair value EUR
2021				
Investment property	–	–	581 927 000	581 927 000
Financial investments at fair value through profit or loss	15 555 040	–	–	15 555 040
Financial assets	–	936 182	–	936 182
Total assets measured at fair value	15 555 040	936 182	581 927 000	598 418 222
2020				
Investment property	–	–	248 467 000	248 467 000
Financial investments at fair value through profit or loss	28 734 532	–	–	28 734 532
Financial assets	–	193 715	–	193 715
Total assets measured at fair value	28 734 532	193 715	248 467 000	277 395 247
	COMPANY			
	Level 1 EUR	Level 2 EUR	Level 3 EUR	Fair value EUR
2021				
Financial investments at fair value through profit or loss	84 600 718	–	–	84 600 718
Total assets measured at fair value	84 600 718	–	–	84 600 718
2020				
Financial investments at fair value through profit or loss	75 081 335	–	–	75 081 335
Financial assets	–	302	–	302
Total assets measured at fair value	75 081 335	302	–	75 081 637

The carrying amounts of financial instruments that are not measured at fair value reasonably approximate their fair value due to:

- ▶ For loans to subsidiaries: market-related terms and conditions.
- ▶ For trade and other receivables, cash and cash equivalents and trade and other payables: market-related terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued

25.4 Fair values continued

25.4.2 Fair value measurement of assets and liabilities continued

The following table shows the valuation techniques used in measuring level 2 and 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Investment property ¹	<p>Fair value is determined by capitalising the net revenue stream evidenced by market-related rentals and deducting market-related expenses.</p> <p>Spare land value added to the capitalised value is based on comparative sales of similar land.</p> <p>Assumptions are made on the expiry of leases for reasonable vacancies. Capital costs in respect of fit-outs for new tenants, as well as agency commission fees are calculated in the cash flow estimates.</p> <p>Among other factors, the capitalisation and discount rate estimations consider the quality of the building, its location, the tenants' credit quality and their lease terms.</p>	<ul style="list-style-type: none"> ▶ Estimated rental growth. Range: 1,25% – 1,60%. Weighted average: 1,50%; ▶ Assumptions regarding vacancy levels. Range: 3 to 15 months. Weighted average: 8 months; ▶ Discount rate. Range: 7,60% to 9,50%. Weighted average: 8,62%; and ▶ Capitalisation rate. Range: 6,00% to 7,50%. Weighted average: 6,91%. 	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> ▶ The expected market rental growth increased; ▶ Vacant periods were shorter; ▶ The discount rate declined; or ▶ The capitalisation rate declined.
Derivative assets and liabilities: interest rate caps ²	Valued by discounting the future cash flows using the applicable swap curve at the dates when the cash flows will take place.	Not applicable	Not applicable
Derivative assets and liabilities: forward exchange contracts ²	Valued by discounting the forward rates applied at the reporting date to the open hedge positions.	Not applicable	Not applicable

¹ The investment property valuations have been performed by independent property experts: Savills (France), JLL (Portugal) and CBRE (Serbia), respectively.

² The valuations of the interest rate derivatives have been performed externally by independent experts.

The Group measures its investment properties at fair value. The Group engaged independent valuation specialists to determine fair value at the reporting date. The valuation techniques are detailed in note 3. Changes in the discount or capitalisation rates attributable to changes in market conditions can have a significant impact on property valuations.

25. FINANCIAL INSTRUMENTS, RISK AND FAIR VALUE MEASUREMENTS continued

25.4 Fair values continued

25.4.2 Fair value measurement of assets and liabilities continued

	GROUP			
	Profit or (loss) before tax		Profit or (loss) before tax	
	2021 Increase EUR	2021 Decrease EUR	2020 Increase EUR	2020 Decrease EUR
A 0,50% (2020: 0,50%) (decrease)/increase in the exit capitalisation rate used to determine the fair value of investment properties would have increased/(decreased) profit/(loss) by the amounts shown in the following table. This analysis assumes that all other variables remain constant.				
Investment property	29 565 000	(25 750 000)	8 652 000	(12 342 000)
	29 565 000	(25 750 000)	8 652 000	(12 342 000)
A 0,50% (2020: 0,50%) (decrease)/increase in the discount rate used to determine the fair value of investment properties would have increased/(decreased) profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant.				
Investment property	29 865 000	(26 550 000)	6 006 000	(10 988 000)
	29 865 000	(26 550 000)	6 006 000	(10 988 000)
A 2,00% (2020: 2,00%) (decrease)/increase in the rental growth used to determine the fair value of investment properties would have increased/(decreased) profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant.				
Investment property	19 920 000	(20 176 000)	26 618 000	(27 885 000)
	19 920 000	(20 176 000)	26 618 000	(27 885 000)
A three-month (2020: three-month) increase in estimated vacancy periods used to determine the fair value of investment properties would have increased/(decreased) profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant.				
Investment property	1 052 000	(1 988 760)	-	(4 458 000)
	1 052 000	(1 988 760)	-	(4 458 000)

There were no transfers between levels 1, 2 and 3 during the year. Refer to note 3 for the movements in investment property.

NOTES TO THE FINANCIAL STATEMENTS continued

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26. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the audit committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future are discussed below.

26.1 Limitation of sensitivity analysis

The sensitivity analysis, as set out in note 25.3, in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risks that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

26.2 Impairment of non-financial assets

Applicable assets are tested for impairment as per the relevant aforementioned accounting policies. The recoverable amounts of relevant assets and/or CGUs have been determined based on the estimated fair value of the related assets and liabilities, as adjusted for expected fair value differences. Estimates are based on the Group's reasonable judgement considering all applicable factors and circumstances.

26.3 Investment properties

The fair value measurement of investment properties requires judgement in the determination of future net cash flows from leases and appropriate discount/capitalisation rates to be applied. Independent external valuations have been obtained for all investment property at the reporting date.

The directors are of the view that the independent external valuation of the investment property sufficiently mitigates the estimation uncertainty.

Refer to notes 3 and 25.4.2 for additional details.

26.4 Investment in associate

Management applied judgement in determining the date that the Group obtained significant influence over Hammerson, and commenced equity accounting with effect from the close of business on 30 September 2020. Refer to note 5.4 for details.

26.5 Impairments of tenant receivables

Management applied judgement in determining the impairment of tenant receivables. Refer to notes 2.1 and 25.1 for details of the judgement assumptions made.

27. RELATED PARTY TRANSACTIONS

Various transactions were entered into between related parties. These transactions were entered into on market-related terms in the normal course of business.

Identity of related parties with whom material transactions have occurred

The subsidiaries, key management personnel and directors are related parties. The subsidiaries of the Company are identified in note 5.

27. RELATED PARTY TRANSACTIONS continued

Material related party transaction

Investment in and loans to subsidiaries are set out in note 5.1.

Revenue and interest received from subsidiaries is presented in profit or loss.

Asset management fee revenues and expenses are set out in note 5.1.

Due to Lighthouse's small number of employees, substantially all employee benefits may be considered as relating to key management personnel, as set out in note 17.

Remuneration paid to directors is disclosed in note 17.

For the period ended 31 December 2021, the Company recognised a net impairment reversal of EUR 33 175 411 (2020: loss of EUR 37 246 957) of investments in and receivables owed by related parties. This assessment is undertaken at each reporting date by examining the related party's fair value of net assets and liquidity. Refer to notes 5.1 and 6 for additional details.

At the reporting date Resilient held 41,4% of Lighthouse's issued shares. During 2021, Resilient granted various loans, pro rata with Lighthouse, to the entities acquired as part of the French transaction. Refer to notes 12 and 15.

There are no related party loans or receivables other than those disclosed in notes 5, 12 and 15.

28. STANDARDS AND INTERPRETATIONS

28.1 Issued but not yet effective

At the reporting date, the following applicable standards and interpretations were in issue but not yet effective:

International Financial Reporting Standards		Effective date
IFRS 1: <i>First-time adoption of International Financial Reporting Standards</i>	Amendments resulting from Annual Improvements to IFRS Standards 2018 – 2020 (subsidiary as a first-time adopter)	1 January 2022
IFRS 3: <i>Business Combinations</i>	Amendments updating a reference to the Conceptual Framework	1 January 2022
IFRS 9: <i>Financial Instruments</i>	Amendments resulting from Annual Improvements to IFRS Standards 2018 – 2022 (fees in the 10% test for derecognition of financial liabilities)	1 January 2022
IFRS 10: <i>Consolidated Financial Statements</i>	Amendments on Sale or Contribution of Assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 1: <i>Presentation of Financial Statements</i>	Amendments regarding the classification of liabilities	1 January 2023
IAS 1: <i>Presentation of Financial Statements</i>	Amendments to defer the effective date of the January 2020 amendments	1 January 2023
IAS 1: <i>Presentation of Financial Statements</i>	Amendments regarding the disclosure of accounting policies	1 January 2023
IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	Amendments regarding the disclosure of accounting policies	1 January 2023
IAS 12: <i>Income Taxes</i>	Amendments regarding the disclosure of accounting policies	1 January 2023
IAS 28: <i>Investments in Associates and Joint Ventures</i>	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 37: <i>Provisions, Contingent Liabilities and Contingent Assets</i>	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022

None of these standards are expected to have a material impact on the consolidated and separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

29. RESTATEMENT

29.1 Restatement of investment in subsidiaries and loans to subsidiaries

The Company financial statements at 31 December 2020 issued for the prior reporting date included one line item for investment in and loans to subsidiaries in the statement of financial position, with the detail of the two components disclosed in the notes.

The comparative numbers in the Company statement of financial position on page 18 have been restated to separately disclose investments in subsidiaries and loans to subsidiaries, respectively.

	COMPANY
	2020
	EUR
Previous disclosure in statement of financial position:	
Non-current assets	
– Investment in and loans to subsidiaries	341 652 771
	341 652 771
Restated disclosure in statement of financial position:	
Non-current assets	
– Investment in subsidiaries	7 364 761
– Loans to subsidiaries	334 288 010
	341 652 771

29.2 Headline loss and diluted headline loss per share

	COMPANY			
	Restated disclosure		Previously disclosed	
	Gross 2020 EUR	Net ¹ 2020 EUR	Gross 2020 EUR	Net ¹ 2020 EUR
Reconciliation of profit/(loss) for the year to headline loss:				
Basic earnings – profit/(loss) for the year attributable to equity holders of the Company	–	(112 363 642)	–	(112 363 642)
<i>Adjusted for:</i>				
Impairment expense	18 475 283	18 475 283	–	–
Headline profit/(loss)		(93 888 359)	–	(112 363 642)
Weighted average shares in issue during the year		784 744 191		784 744 191
Headline profit/(loss) and diluted headline profit/(loss) per share (EUR cents)		(11,96)		(14,32)

¹ Net of income tax effect.

SEGMENTAL ANALYSIS

A segment is a distinguishable component of the Group that is engaged in providing services (business segments) or in providing services within a particular economic environment (geographical segments), which is subject to risks and returns that are different from those of other segments. The Group's operating segments are based on both business and geographical segments.

The Group determines and presents operating segments based on the information that is provided internally to the Company's board and investment committee, jointly the Group's chief operating decision-maker ("CODM"). The Group comprises three business segments (listed infrastructure, listed real estate and direct property) and two geographical segments (UK and Europe). Each operating segment's operating results are reviewed quarterly by the CODM to make decisions about the segment's performance, resource allocation, risk assessment and for which discrete financial information is available. More information on the business segments is provided in the following table:

Segment	Description
Primary segments	
Listed infrastructure	Investments in liquid listed infrastructure securities on recognised exchanges, utilising both cash investments and equity swap derivatives.
Listed real estate	Investments in liquid listed real estate securities on recognised exchanges, utilising both cash investments and equity swap derivatives.
Direct property	Investments in direct commercial properties in the retail sector. Opportunistic acquisitions in the retail, logistics, industrial, warehousing and office sectors are also considered.

Segment	Description
Geographical segments	
Continental Europe	Specifically including France, Portugal and Slovenia, with currency exposure to EUR.
UK	The UK, with currency exposure primarily to GBP.

RECONCILIATION OF SEGMENTAL REPORTING TO IFRS FINANCIAL STATEMENTS

The reconciliation of the segmental reporting with financial information extracted from the consolidated financial statements for the year ended 31 December 2021 and the 15 months ended 31 December 2020 is included in the segmental analyses, and primarily relates to the matters below, i.e. management accounts' adjustments:

Torre de Farol

Typically Iberian property transactions entail the disposal of companies instead of underlying properties, with the buyer and seller typically sharing the net deferred tax liability related to cumulative property valuation differences on a 50/50 basis. It is management's view that the Torre de Farol group deferred tax related to cumulative fair value gains on investment property is unlikely to become payable, and, in the event of a disposal, that 50% of the net deferred tax liability would be recovered from the purchaser. As such, the goodwill has been offset against the deferred tax liability.

Financial liability derivatives from bookbuilds

The impact of the financial liability derivatives, which relate to the Company's 2021 and 2020 bookbuilds, has been removed for purposes of the segmental analyses.

Retail Property Investments – pro rata exclusion of Resilient's 25% share

Effective 30 September 2021, Lighthouse acquired a 75% interest in four French shopping centres. Related party, Resilient, acquired the remaining 25% at the same time. To provide a clear understanding of Lighthouse's economic exposure to the French properties, Resilient's 25% pro rata share of assets, liabilities, profits and losses has been removed.

Listed equities and derivative margin

To disclose Lighthouse's interest in and economic exposure to Hammerson, the investment in equity-accounted associate is removed and the fair value of the Group's interest in Hammerson included. The cash component of the Group's derivative margin is reclassified to cash and cash equivalents.

COVID-19 discounts

Forgiveness of payments contractually due for past rentals is included as a reduction in property rental instead of an increase in property operating expenses.

Finance income

Finance income is included as part of net finance costs instead of revenue.

SEGMENTAL ANALYSIS continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SECTORAL

	BUSINESS SEGMENTS			
	Direct property Dec 2021 EUR	Listed real estate Dec 2021 EUR	Listed infrastructure Dec 2021 EUR	Corporate Dec 2021 EUR
ASSETS				
Non-current assets	498 977 000	385 062 593	15 555 040	936 182
Investment property	498 977 000	–	–	–
Investments	–	385 062 593	15 555 040	–
Investment in equity-accounted associate	–	–	–	–
Financial assets	–	–	–	936 182
Other assets	–	–	–	–
Goodwill	–	–	–	–
Current assets	30 969 296	–	724 438	5 023 272
Trade and other receivables	19 427 603	–	–	113 013
Cash and cash equivalents	11 541 693	–	724 438	4 910 259
Total assets	529 946 296	385 062 593	16 279 478	5 959 454
EQUITY AND LIABILITIES				
Total equity attributable to equity holders	–	–	–	756 505 039
Share capital	–	–	–	18 582 634
Share premium	–	–	–	369 852 303
Treasury shares	–	–	–	(687 522)
Non-distributable reserve	–	–	–	229 344 962
Foreign currency translation reserve	–	–	–	(1 393 006)
Share-based payment reserve	–	–	–	194 302
Retained earnings	–	–	–	140 611 366
Non-controlling interest	–	–	–	–
Total liabilities	138 297 198	39 655 811	–	2 789 773
Non-current liabilities	117 771 166	39 655 811	–	–
Interest-bearing borrowings	96 912 633	39 655 811	–	–
Deferred tax liabilities	16 704 048	–	–	–
Financial liabilities	4 154 485	–	–	–
Current liabilities	20 526 032	–	–	2 789 773
Interest-bearing borrowings	1 068 000	–	–	1 612 512
Financial liabilities	–	–	–	–
Trade and other payables	19 180 880	–	–	1 131 651
Current tax liabilities	277 152	–	–	45 610
Total equity and liabilities	138 297 198	39 655 811	–	759 294 812

	GROUP – MANAGEMENT ACCOUNTS	MANAGEMENT ACCOUNTS' ADJUSTMENTS				GROUP
	Dec 2021 EUR	Torre de Farol Dec 2021 EUR	Financial liability derivatives from bookbuilds Dec 2021 EUR	Retail Property Investments – pro rata exclusion of Resilient's 25% share Dec 2021 EUR	Listed equities and derivative margin Dec 2021 EUR	Audited Dec 2021 EUR
	900 530 815	-	-	82 950 000	(381 953 775)	601 527 040
	498 977 000	-	-	82 950 000	-	581 927 000
	400 617 633	-	-	-	(385 062 593)	15 555 040
	-	-	-	-	-	-
	936 182	-	-	-	3 108 818	4 045 000
	-	-	-	-	-	-
	-	-	-	-	-	-
	36 717 006	-	-	7 050 876	(3 108 818)	40 659 064
	19 540 616	-	-	5 317 988	-	24 858 604
	17 176 390	-	-	1 732 888	(3 108 818)	15 800 460
	937 247 821	-	-	90 000 876	(385 062 593)	642 186 104
	756 505 039	(12 080 205)	-	9 225 900	(385 062 593)	368 588 141
	18 582 634	-	(2 333 901)	-	-	16 248 733
	369 852 303	-	-	-	-	369 852 303
	(687 522)	-	-	-	-	(687 522)
	229 344 962	(12 080 205)	2 333 901	-	(385 062 593)	(165 463 935)
	(1 393 006)	-	-	-	-	(1 393 006)
	194 302	-	-	-	-	194 302
	140 611 366	-	-	-	-	140 611 366
	-	-	-	9 225 900	-	9 225 900
	180 742 782	12 080 205	-	80 774 976	-	273 597 963
	157 426 977	12 080 205	-	75 093 147	-	244 600 329
	136 568 444	-	-	73 864 046	-	210 432 490
	16 704 048	12 080 205	-	-	-	28 784 253
	4 154 485	-	-	1 229 101	-	5 383 586
	23 315 805	-	-	5 681 829	-	28 997 634
	2 680 512	-	-	-	-	2 680 512
	-	-	-	-	-	-
	20 312 531	-	-	5 681 829	-	25 994 360
	322 762	-	-	-	-	322 762
	937 247 821	-	-	90 000 876	(385 062 593)	642 186 104

SEGMENTAL ANALYSIS continuedCONSOLIDATED STATEMENT OF FINANCIAL POSITION – SECTORAL continued

	BUSINESS SEGMENTS			
	Direct property Dec 2020 EUR	Listed real estate Dec 2020 EUR	Listed infrastructure Dec 2020 EUR	Corporate Dec 2020 EUR
ASSETS				
Non-current assets	248 467 000	244 146 319	28 734 532	298 523
Investment property	248 467 000	–	–	–
Investments	–	244 146 319	28 734 532	–
Investment in equity-accounted associate	–	–	–	–
Financial assets	–	–	–	193 715
Other assets	–	–	–	104 808
Goodwill	–	–	–	–
Current assets	1 938 910	28 903 615	2 321 020	6 744 877
Trade and other receivables	1 938 910	–	42 988	20 844
Cash and cash equivalents	–	28 903 615	2 278 032	6 724 033
Total assets	250 405 910	273 049 934	31 055 552	7 043 400
EQUITY AND LIABILITIES				
Total equity attributable to equity holders	–	–	–	436 126 573
Share capital	–	–	–	318 223 693
Non-distributable reserve	–	–	–	24 017 725
Foreign currency translation reserve	–	–	–	(1 393 006)
Share-based payment reserve	–	–	–	–
Retained earnings	–	–	–	95 278 161
Non-controlling interest	–	–	–	–
Total liabilities	124 564 679	–	–	863 544
Non-current liabilities	120 251 607	–	–	37 133
Interest-bearing borrowings	104 408 981	–	–	–
Deferred tax liabilities	15 384 270	–	–	–
Financial liabilities	458 356	–	–	37 133
Current liabilities	4 313 072	–	–	826 411
Interest-bearing borrowings	1 034 972	–	–	–
Financial liabilities	–	–	–	54 464
Trade and other payables	3 251 287	–	–	671 850
Current tax liabilities	26 813	–	–	100 097
Total equity and liabilities	124 564 679	–	–	436 990 117

	GROUP – MANAGEMENT ACCOUNTS	MANAGEMENT ACCOUNTS' ADJUSTMENTS			GROUP
	Audited Dec 2020 EUR	Torre de Farol Dec 2020 EUR	Financial liability derivatives from bookbuilds Dec 2020 EUR	Listed equities and derivative margin Dec 2020 EUR	Audited Dec 2020 EUR
	521 646 374	12 080 205	–	(170 307 380)	363 419 199
	248 467 000	–	–	–	248 467 000
	272 880 851	–	–	(244 146 319)	28 734 532
	–	–	–	69 987 352	69 987 352
	193 715	–	–	3 851 587	4 045 302
	104 808	–	–	–	104 808
	–	12 080 205	–	–	12 080 205
	39 908 422	–	–	(3 851 587)	36 056 835
	2 002 742	–	–	–	2 002 742
	37 905 680	–	–	(3 851 587)	34 054 093
	561 554 796	12 080 205	–	(174 158 967)	399 476 034
	436 126 573	–	–	(174 158 967)	261 967 606
	318 223 693	–	28 332 478	–	346 556 171
	24 017 725	–	(28 332 478)	(174 158 967)	(178 473 720)
	(1 393 006)	–	–	–	(1 393 006)
	–	–	–	–	–
	95 278 161	–	–	–	95 278 161
	–	–	–	–	–
	125 428 223	12 080 205	–	–	137 508 428
	120 288 740	12 080 205	–	–	132 368 945
	104 408 981	–	–	–	104 408 981
	15 384 270	12 080 205	–	–	27 464 475
	495 489	–	–	–	495 489
	5 139 483	–	–	–	5 139 483
	1 034 972	–	–	–	1 034 972
	54 464	–	–	–	54 464
	3 923 137	–	–	–	3 923 137
	126 910	–	–	–	126 910
	561 554 796	12 080 205	–	(174 158 967)	399 476 034

SEGMENTAL ANALYSIS continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – GEOGRAPHICAL

	GEOGRAPHICAL SEGMENTS			GROUP – MANAGEMENT ACCOUNTS	
	Europe Dec 2021 EUR	UK Dec 2021 EUR	Corporate Dec 2021 EUR	Dec 2021 EUR	
ASSETS					
Non-current assets	514 532 040	385 062 593	936 182	900 530 815	
Investment property	498 977 000	–	–	498 977 000	
Investments	15 555 040	385 062 593	–	400 617 633	
Investment in equity-accounted associate	–	–	–	–	
Financial assets	–	–	936 182	936 182	
Other assets	–	–	–	–	
Goodwill	–	–	–	–	
Current assets	32 031 738	66 775	4 618 493	36 717 006	
Investments	–	–	–	–	
Financial and other assets	–	–	–	–	
Trade and other receivables	19 531 592	3 669	5 355	19 540 616	
Cash and cash equivalents	12 500 146	63 106	4 613 138	17 176 390	
Total assets	546 563 778	385 129 368	5 554 675	937 247 821	
EQUITY AND LIABILITIES					
Total equity attributable to equity holders	–	–	756 505 039	756 505 039	
Share capital	–	–	18 582 634	18 582 634	
Share premium	–	–	369 852 303	369 852 303	
Treasury shares	–	–	(687 522)	(687 522)	
Non-distributable reserve	–	–	229 344 962	229 344 962	
Foreign currency translation reserve	–	–	(1 393 006)	(1 393 006)	
Share-based payment reserve	–	–	194 302	194 302	
Retained earnings	–	–	140 611 366	140 611 366	
Non-controlling interest	–	–	–	–	
Total liabilities	178 735 370	41 966	1 965 446	180 742 782	
Non-current liabilities	157 426 977	–	–	157 426 977	
Interest-bearing borrowings	136 568 444	–	–	136 568 444	
Deferred tax liabilities	16 704 048	–	–	16 704 048	
Financial liabilities	4 154 485	–	–	4 154 485	
Current liabilities	21 308 393	41 966	1 965 446	23 315 805	
Interest-bearing borrowings	1 068 000	–	1 612 512	2 680 512	
Financial liabilities	–	–	–	–	
Trade and other payables	19 963 240	20 595	328 696	20 312 531	
Current tax liabilities	277 153	21 371	24 238	322 762	
Total equity and liabilities	178 735 370	41 966	758 470 485	937 247 821	

MANAGEMENT ACCOUNTS' ADJUSTMENTS				GROUP
Torre de Farol Dec 2021 EUR	Financial liability derivatives from bookbuilds Dec 2021 EUR	Retail Property Investments – pro rata exclusion of Resilient's 25% share Dec 2021 EUR	Listed equities Dec 2021 EUR	Audited Dec 2021 EUR
-	-	82 950 000	(381 953 775)	601 527 040
-	-	82 950 000	-	581 927 000
-	-	-	(385 062 593)	15 555 040
-	-	-	-	-
-	-	-	3 108 818	4 045 000
-	-	-	-	-
-	-	-	-	-
-	-	7 050 876	(3 108 818)	40 659 064
-	-	-	-	-
-	-	-	-	-
-	-	5 317 988	-	24 858 604
-	-	1 732 888	(3 108 818)	15 800 460
-	-	90 000 876	(385 062 593)	642 186 104
(12 080 205)	-	9 225 900	(385 062 593)	368 588 141
-	(2 333 901)	-	-	16 248 733
-	-	-	-	369 852 303
-	-	-	-	(687 522)
(12 080 205)	2 333 901	-	(385 062 593)	(165 463 935)
-	-	-	-	(1 393 006)
-	-	-	-	194 302
-	-	-	-	140 611 366
-	-	9 225 900	-	9 225 900
12 080 205	-	80 774 976	-	273 597 963
12 080 205	-	75 093 147	-	244 600 329
-	-	73 864 046	-	210 432 490
12 080 205	-	-	-	28 784 253
-	-	1 229 101	-	5 383 586
-	-	5 681 829	-	28 997 634
-	-	-	-	2 680 512
-	-	-	-	-
-	-	5 681 829	-	25 994 360
-	-	-	-	322 762
-	-	90 000 876	(385 062 593)	642 186 104

SEGMENTAL ANALYSIS continuedCONSOLIDATED STATEMENT OF FINANCIAL POSITION – GEOGRAPHICAL continued

	GEOGRAPHICAL SEGMENTS			GROUP – MANAGEMENT ACCOUNTS
	Europe Dec 2020 EUR	UK Dec 2020 EUR	Corporate Dec 2020 EUR	Audited Dec 2020 EUR
ASSETS				
Non-current assets	253 905 400	244 146 319	23 594 655	521 646 374
Investment property	248 467 000	–	–	248 467 000
Investments	5 438 400	244 146 319	23 296 132	272 880 851
Investment in equity-accounted associate	–	–	–	–
Financial assets	–	–	193 715	193 715
Other assets	–	–	104 808	104 808
Goodwill	–	–	–	–
Current assets	26 710 499	8 101	13 189 822	39 908 422
Investments	–	–	–	–
Financial and other assets	–	–	–	–
Trade and other receivables	1 938 910	–	63 832	2 002 742
Cash and cash equivalents	24 771 589	8 101	13 125 990	37 905 680
Total assets	280 615 899	244 154 420	36 784 477	561 554 796
EQUITY AND LIABILITIES				
Total equity attributable to equity holders	–	–	436 126 573	436 126 573
Share capital	–	–	318 223 693	318 223 693
Share premium	–	–	–	–
Treasury shares	–	–	–	–
Non-distributable reserve	–	–	24 017 725	24 017 725
Foreign currency translation reserve	–	–	(1 393 006)	(1 393 006)
Share-based payment reserve	–	–	–	–
Retained earnings	–	–	95 278 161	95 278 161
Non-controlling interest	–	–	–	–
Total liabilities	124 847 475	10 804	569 944	125 428 223
Non-current liabilities	120 251 607	–	37 133	120 288 740
Interest-bearing borrowings	104 408 981	–	–	104 408 981
Deferred tax liabilities	15 384 270	–	–	15 384 270
Financial liabilities	458 356	–	37 133	495 489
Current liabilities	4 595 868	10 804	532 811	5 139 483
Interest-bearing borrowings	1 034 972	–	–	1 034 972
Financial liabilities	–	–	54 464	54 464
Trade and other payables	3 534 083	10 804	378 250	3 923 137
Current tax liabilities	26 813	–	100 097	126 910
Total equity and liabilities	124 847 475	10 804	436 696 517	561 554 796

MANAGEMENT ACCOUNTS' ADJUSTMENTS			GROUP
Torre de Farol Dec 2020 EUR	Financial liability derivatives from bookbuilds Dec 2020 EUR	Listed equities Dec 2020 EUR	Audited Dec 2020 EUR
12 080 205	-	(170 307 380)	363 419 199
-	-	-	248 467 000
-	-	(244 146 319)	28 734 532
-	-	69 987 352	69 987 352
-	-	3 851 587	4 045 302
-	-	-	104 808
12 080 205	-	-	12 080 205
-	-	(3 851 587)	36 056 835
-	-	-	-
-	-	-	-
-	-	-	2 002 742
-	-	(3 851 587)	34 054 093
12 080 205	-	(174 158 967)	399 476 034
-	-	(174 158 967)	261 967 606
-	28 332 478	-	346 556 171
-	-	-	-
-	-	-	-
-	(28 332 478)	(174 158 967)	(178 473 720)
-	-	-	(1 393 006)
-	-	-	-
-	-	-	95 278 161
-	-	-	-
12 080 205	-	-	137 508 428
12 080 205	-	-	132 368 945
-	-	-	104 408 981
12 080 205	-	-	27 464 475
-	-	-	495 489
-	-	-	5 139 483
-	-	-	1 034 972
-	-	-	54 464
-	-	-	3 923 137
-	-	-	126 910
12 080 205	-	(174 158 967)	399 476 034

SEGMENTAL ANALYSIS continued

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – SECTORAL

	BUSINESS SEGMENTS			
	Direct property for the year ended Dec 2021 EUR	Listed real estate for the year ended Dec 2021 EUR	Listed infrastructure for the year ended Dec 2021 EUR	Corporate for the year ended Dec 2021 EUR
Property rental and related revenue	29 038 996	–	–	–
Investment revenue	–	39 678 484	3 333 540	–
Finance income	–	–	–	–
Total revenue¹	29 038 996	39 678 484	3 333 540	–
Fair value gain/(loss) on investment property, investments and derivatives	20 321 866	93 842 598	3 566 175	741 304
Fair value gain/(loss) on investment property	20 321 866	–	–	–
Fair value gain/(loss) on investments	–	93 842 598	3 566 175	–
Fair value gain/(loss) on currency, interest rate and other derivatives	–	–	–	742 467
Impairment loss	–	–	–	(1 163)
Property operating expenses	(10 180 147)	–	–	–
Administrative and other expenses	126 832	–	–	(4 513 648)
Foreign exchange gain/(loss)	–	–	–	1 274 848
Share of loss of equity-accounted associate	–	–	–	–
Operating profit/(loss)	39 307 547	133 521 082	6 899 715	(2 497 496)
Finance income	29	–	–	162 395
Finance costs	(3 575 413)	–	–	(179 173)
Other income	–	–	–	200 035
Profit/(loss) before income tax	35 732 163	133 521 082	6 899 715	(2 314 239)
Income tax	(2 389 644)	–	–	(122 583)
Profit/(loss) for the year attributable to equity holders of the Company	33 342 519	133 521 082	6 899 715	(2 436 822)

¹ All segmental revenues in 2021 were generated from external customers and from countries other than Malta/Mauritius, the Company's domicile.

	GROUP – MANAGEMENT ACCOUNTS	MANAGEMENT ACCOUNTS' ADJUSTMENTS					GROUP
	For the year ended Dec 2021 EUR	Finance income for the year ended Dec 2021 EUR	Retail Property Investments – pro rata exclusion of Resilient's 25% share for the year ended Dec 2021 EUR	Torre de Farol for the 12 months ended Dec 2021 EUR	Financial liability derivatives from bookbuilds for the year ended Dec 2021 EUR	Listed equities for the year ended Dec 2021 EUR	Audited for the year ended Dec 2021 EUR
	29 038 996	–	2 897 320	–	–	–	31 936 316
	43 012 024	–	–	–	–	(39 382 062)	3 629 962
	–	162 424	–	–	–	–	162 424
	72 051 020	162 424	2 897 320	–	–	(39 382 062)	35 728 702
	118 471 943	–	6 484 801	(12 080 205)	2 333 901	(93 744 334)	21 466 106
	20 321 866	–	6 484 801	–	–	–	26 806 667
	97 408 773	–	–	–	–	(93 744 334)	3 664 439
	742 467	–	–	–	2 333 901	–	3 076 368
	(1 163)	–	–	(12 080 205)	–	–	(12 081 368)
	(10 180 147)	–	(1 302 841)	–	–	–	(11 482 988)
	(4 386 816)	–	(128 897)	–	–	(136 108)	(4 651 821)
	1 274 848	–	–	–	–	–	1 274 848
	–	–	–	–	–	(70 905 185)	(70 905 185)
	177 230 848	162 424	7 950 383	(12 080 205)	2 333 901	(204 167 689)	(28 570 338)
	162 424	(162 424)	–	–	–	–	–
	(3 754 586)	–	(591 552)	–	–	–	(4 346 138)
	200 035	–	–	–	–	–	200 035
	173 838 721	–	7 358 831	(12 080 205)	2 333 901	(204 167 689)	(32 716 441)
	(2 512 227)	–	–	–	–	–	(2 512 227)
	171 326 494	–	7 358 831	(12 080 205)	2 333 901	(204 167 689)	(35 228 668)

SEGMENTAL ANALYSIS continuedCONSOLIDATED STATEMENT OF PROFIT OR LOSS – SECTORAL continued

	BUSINESS SEGMENTS			
	Direct property for the 15 months ended Dec 2020 EUR	Listed real estate for the 15 months ended Dec 2020 EUR	Listed infrastructure for the 15 months ended Dec 2020 EUR	Corporate for the 15 months ended Dec 2020 EUR
Property rental and related revenue	23 286 921	–	–	–
Investment revenue	–	19 129 048	1 739 329	–
Finance income	–	–	–	–
Total revenue¹	23 286 921	19 129 048	1 739 329	–
Fair value gain/(loss) on investment property, investments and derivatives	(28 581 312)	(48 469 298)	(20 787 121)	972 598
Fair value gain/(loss) on investment property	(16 381 385)	–	–	–
Fair value gain/(loss) on investments	–	(48 469 298)	(20 787 121)	–
Fair value loss on currency, interest rate and other derivatives	–	–	–	972 598
Impairment loss	(12 199 927)	–	–	–
Property operating expenses	(8 445 519)	–	–	–
Administrative and other expenses	(360 728)	–	–	(4 151 341)
Foreign exchange loss	–	–	–	(5 580 010)
Share of loss of equity-accounted associate	–	–	–	–
Operating profit/(loss)	(14 100 638)	(29 340 250)	(19 047 792)	(8 758 753)
Finance income	178	–	–	454 911
Finance costs	(4 423 763)	(24 457)	(7 909)	(139 456)
Other income	–	–	–	–
Profit/(loss) before income tax	(18 524 223)	(29 364 707)	(19 055 701)	(8 443 298)
Income tax	3 419 519	–	–	(204 415)
Profit/(loss) for the year attributable to equity holders of the Company	(15 104 704)	(29 364 707)	(19 055 701)	(8 647 713)

¹ All segmental revenues in 2020 were generated from external customers and from countries other than Mauritius, the Company's domicile.

	GROUP – MANAGEMENT ACCOUNTS	MANAGEMENT ACCOUNTS' ADJUSTMENTS				GROUP
		Finance income for the 15 months ended Dec 2020 EUR	COVID-19 discounts for the 15 months ended Dec 2020 EUR	Financial liability derivatives from bookbuilds for the 15 months ended Dec 2020 EUR	Listed equities for the 15 months ended Dec 2020 EUR	
	23 286 921	–	2 850 637	–	–	26 137 558
	20 868 377	–	–	–	(16 987 421)	3 880 956
	–	455 089	–	–	–	455 089
	44 155 298	455 089	2 850 637	–	(16 987 421)	30 473 603
	(96 865 133)	–	–	(28 332 478)	(77 639 626)	(202 837 237)
	(16 381 385)	–	–	–	–	(16 381 385)
	(69 256 419)	–	–	–	(77 639 626)	(146 896 045)
	972 598	–	–	(28 332 478)	–	(27 359 880)
	(12 199 927)	–	–	–	–	(12 199 927)
	(8 445 519)	–	(2 850 637)	–	–	(11 296 156)
	(4 512 069)	–	–	–	(548 267)	(5 060 336)
	(5 580 010)	–	–	–	–	(5 580 010)
	–	–	–	–	(75 544 971)	(75 544 971)
	(71 247 433)	455 089	–	(28 332 478)	(170 720 285)	(269 845 107)
	455 089	(455 089)	–	–	–	–
	(4 595 585)	–	–	–	32 366	(4 563 219)
	–	–	–	–	–	–
	(75 387 929)	–	–	(28 332 478)	(170 687 919)	(274 408 326)
	3 215 104	–	–	–	–	3 215 104
	(72 172 825)	–	–	(28 332 478)	(170 687 919)	(271 193 222)

SEGMENTAL ANALYSIS continued

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – GEOGRAPHICAL

	GEOGRAPHICAL SEGMENT			GROUP – MANAGEMENT ACCOUNTS	
	Europe for the year ended Dec 2021 EUR	UK for the year ended Dec 2021 EUR	Corporate for the year ended Dec 2021 EUR	For the year ended Dec 2021 EUR	
Property rental and related revenue	29 038 996	–	–	29 038 996	
Investment revenue	717 888	39 382 062	2 912 074	43 012 024	
Finance income	–	–	–	–	
Total revenue	29 756 884	39 382 062	2 912 074	72 051 020	
Fair value gain/(loss) on investment property, investments and derivatives	21 904 323	93 744 334	2 823 286	118 471 943	
Fair value gain/(loss) on investment property	20 321 866	–	–	20 321 866	
Fair value gain/(loss) on investments	1 582 457	93 744 334	2 081 982	97 408 773	
Fair value gain/(loss) on currency, interest rate and other derivatives	–	–	742 467	742 467	
Impairment loss	–	–	(1 163)	(1 163)	
Property operating expenses	(10 180 147)	–	–	(10 180 147)	
Administrative and other expenses	(2 460 224)	(229 013)	(1 697 579)	(4 386 816)	
Foreign exchange gain/(loss)	–	–	1 274 848	1 274 848	
Share of loss of equity-accounted associate	–	–	–	–	
Operating profit/(loss)	39 020 836	132 897 383	5 312 629	177 230 848	
Finance income	33	–	162 391	162 424	
Finance costs	(3 610 037)	(33)	(144 516)	(3 754 586)	
Other income	200 035	–	–	200 035	
Profit/(loss) before income tax	35 610 867	132 897 350	5 330 504	173 838 721	
Income tax	(2 389 644)	(21 371)	(101 212)	(2 512 227)	
Profit/(loss) for the year attributable to equity holders of the Company	33 221 223	132 875 979	5 229 292	171 326 494	

MANAGEMENT ACCOUNTS' ADJUSTMENTS					GROUP
Finance income for the year ended Dec 2021 EUR	Retail Property Investments – pro rata exclusion of Resilient's 25% share for the year ended Dec 2021 EUR	Torre de Farol for the 12 months ended Dec 2021 EUR	Financial liability derivatives from bookbuilds for the year ended Dec 2021 EUR	Listed equities for the year ended Dec 2021 EUR	Audited for the year ended Dec 2021 EUR
-	2 897 320	-	-	-	31 936 316
-	-	-	-	(39 382 062)	3 629 962
162 424	-	-	-	-	162 424
162 424	2 897 320	-	-	(39 382 062)	35 728 702
-	6 484 801	(12 080 205)	2 333 901	(93 744 334)	21 466 106
-	6 484 801	-	-	-	26 806 667
-	-	-	-	(93 744 334)	3 664 439
-	-	-	2 333 901	-	3 076 368
-	-	(12 080 205)	-	-	(12 081 368)
-	(1 302 841)	-	-	-	(11 482 988)
-	(128 897)	-	-	(136 108)	(4 651 821)
-	-	-	-	-	1 274 848
-	-	-	-	(70 905 185)	(70 905 185)
162 424	7 950 383	(12 080 205)	2 333 901	(204 167 689)	(28 570 338)
(162 424)	-	-	-	-	-
-	(591 552)	-	-	-	(4 346 138)
-	-	-	-	-	200 035
-	7 358 831	(12 080 205)	2 333 901	(204 167 689)	(32 716 441)
-	-	-	-	-	(2 512 227)
-	7 358 831	(12 080 205)	2 333 901	(204 167 689)	(35 228 668)

SEGMENTAL ANALYSIS continuedCONSOLIDATED STATEMENT OF PROFIT OR LOSS – GEOGRAPHICAL continued

	GEOGRAPHICAL SEGMENT			GROUP – MANAGEMENT ACCOUNTS
	Europe for the 15 months ended Dec 2020 EUR	UK for the 15 months ended Dec 2020 EUR	Corporate for the 15 months ended Dec 2020 EUR	For the 15 months ended Dec 2020 EUR
Property rental and related revenue	23 286 921	–	–	23 286 921
Investment revenue	2 135 052	15 826 200	2 907 125	20 868 377
Finance income	–	–	–	–
Total revenue	25 421 973	15 826 200	2 907 125	44 155 298
Fair value gain/(loss) on investment property, investments and derivatives	(73 235 149)	(5 601 613)	(18 028 371)	(96 865 133)
Fair value gain/(loss) on investment property	(16 381 385)	–	–	(16 381 385)
Fair value gain/(loss) on investments	(44 653 837)	(5 601 613)	(19 000 969)	(69 256 419)
Fair value gain/(loss) on currency, interest rate and other derivatives	–	–	972 598	972 598
Impairment loss	(12 199 927)	–	–	(12 199 927)
Property operating expenses	(8 445 519)	–	–	(8 445 519)
Administrative and other expenses	(3 147 323)	(128 432)	(1 236 314)	(4 512 069)
Foreign exchange gain/(loss)	–	–	(5 580 010)	(5 580 010)
Share of loss of equity-accounted associate	–	–	–	–
Operating profit/(loss)	(59 406 018)	10 096 155	(21 937 570)	(71 247 433)
Finance income	187	–	454 902	455 089
Finance costs	(4 292 691)	(40)	(302 854)	(4 595 585)
Other income	–	–	–	–
Profit/(loss) before income tax	(63 698 522)	10 096 115	(21 785 522)	(75 387 929)
Income tax	3 419 520	(3 937)	(200 479)	3 215 104
Profit/(loss) for the year attributable to equity holders of the Company	(60 279 002)	10 092 178	(21 986 001)	(72 172 825)

MANAGEMENT ACCOUNTS' ADJUSTMENTS					GROUP
Finance income for the 15 months ended Dec 2020 EUR	COVID-19 discounts for the 15 months ended Dec 2020 EUR	Financial liability derivatives from bookbuilds for the 15 months ended Dec 2020 EUR	Listed equities for the 15 months ended Dec 2020 EUR		Audited for the 15 months ended Dec 2020 EUR
-	2 850 637	-	-		26 137 558
-	-	-	(16 987 421)		3 880 956
455 089	-	-	-		455 089
455 089	2 850 637	-	(16 987 421)		30 473 603
-	-	(28 332 478)	(77 639 626)		(202 837 237)
-	-	-	-		(16 381 385)
-	-	-	(77 639 626)		(146 896 045)
-	-	(28 332 478)	-		(27 359 880)
-	-	-	-		(12 199 927)
-	(2 850 637)	-	-		(11 296 156)
-	-	-	(548 267)		(5 060 336)
-	-	-	-		(5 580 010)
-	-	-	(75 544 971)		(75 544 971)
455 089	-	(28 332 478)	(170 720 285)		(269 845 107)
(455 089)	-	-	-		-
-	-	-	32 366		(4 563 219)
-	-	-	-		-
-	-	(28 332 478)	(170 687 919)		(274 408 326)
-	-	-	-		3 215 104
-	-	(28 332 478)	(170 687 919)		(271 193 222)



Forum Coimbra – Portugal



PROPERTY PORTFOLIO

PROPERTY PORTFOLIO

Physical property investments are focused on retail assets across continental Europe. Lighthouse constantly assesses opportunities to upgrade, refurbish, extend and redevelop our properties.

Property name	Primary use	Geographical location	Ownership %	Acquisition date	Occupancy %	Gross lettable area ("GLA") (m ²)
Forum Coimbra	Retail	Coimbra, Portugal	100,0	31 May 2017	99	33 930 ¹
Planet Koper	Retail	Koper, Slovenia	100,0	30 August 2016	99	30 940
Docks Vauban	Retail	Le Havre, France	75,0 ⁴	30 September 2021	98	47 292 ³
Docks 76	Retail	Rouen, France	75,0 ⁴	30 September 2021	92	37 009 ³
Rivetoile	Retail	Strasbourg, France	75,0 ⁴	30 September 2021	96	28 301 ³
Saint Sever	Retail	Rouen, France	75,0 ⁴	30 September 2021	84	34 781 ³
Total					95⁵	212 253

¹ Excluding a 17 700m² hypermarket that is separately owned.

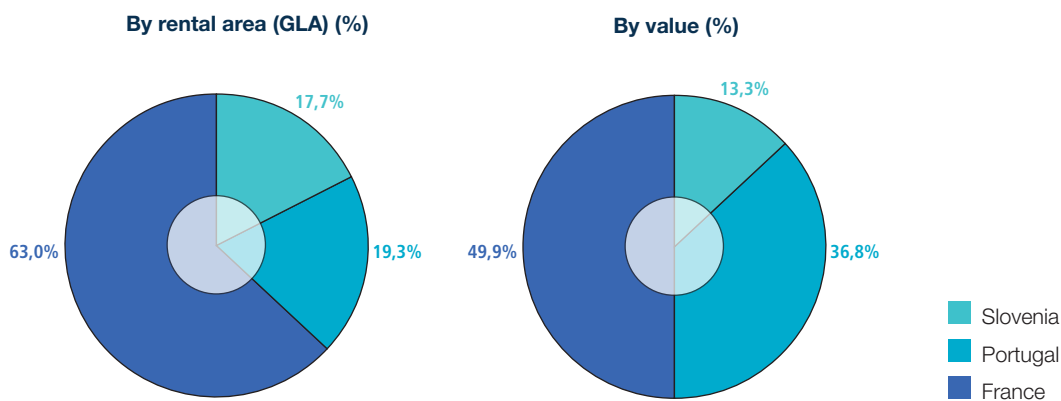
² The purchase price and fair value of the French properties reflects Lighthouse's effective 75% ownership.

³ The GLA reflects 100% of the French properties' GLA.

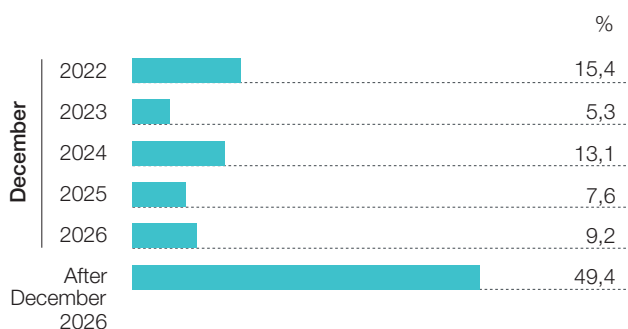
⁴ Refers to the effective ownership in the property.

⁵ Weighted average occupancy rate at 31 December 2021.

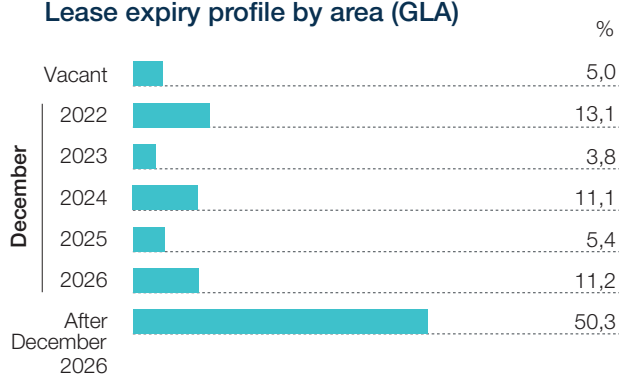
Geographical profile



Lease expiry profile by monthly rental

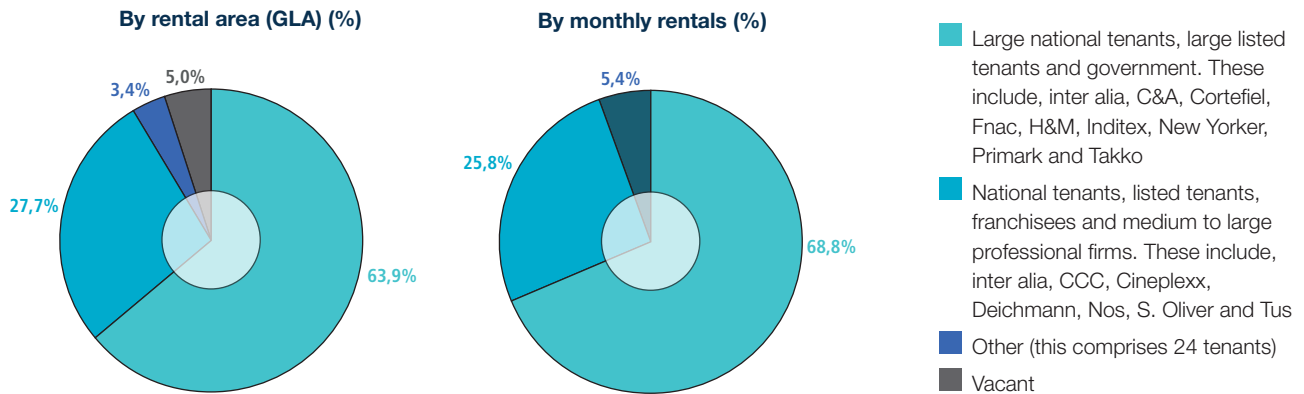


Lease expiry profile by area (GLA)



Weighted average rent per square metre	Purchase price/cost EUR	Fair value EUR	Address
27,71	197 280 348	183 827 000	Avenida Jose Bonifacio de Andrade e Silva 1, Quinta do Vale Gemil – Almegue Santa Clara Coimbra 3040-389, Portugal
12,52	70 829 117	66 300 000	Ankaranska cesta 2, 6000 Koper, Slovenia
10,20	41 727 239 ²	44 475 000 ²	1 quai des Antilles, 76600 Le Havre, France
18,60	57 612 676 ²	66 750 000 ²	BD Ferdinand de Lesseps, 76000 Rouen, France
25,40	62 833 242 ²	69 300 000 ²	3 PL Dauphiné, 67000 Strasbourg, France
19,70	67 222 440 ²	68 325 000 ²	PL Saint-Sever, 76100 Rouen, France
18,58	497 505 062	498 977 000	

Tenant profile





OTHER INFORMATION



OUR RISKS AND OPPORTUNITIES

Risk is the volatility of unexpected outcomes. Within the Lighthouse framework, this would specifically relate to the adverse impact on the value of its assets, equity, earnings or distributions.

Risk management is the discipline by which risks are identified, assessed and prioritised. It is essential to understand the multiple dimensions of risk in order to manage these effectively, with the aim of increasing shareholder value.

Risk management is essential for improved performance, growth and sustainable value creation. The process for identifying and managing risks has been set by the board. The board has overall responsibility for risk management and has delegated the responsibility for monitoring risk management processes and activities to Lighthouse's risk committee. The day-to-day responsibility for risk management, including maintaining an appropriate internal control framework, remains the responsibility of Lighthouse's executive management.

Risk management is an integral part of the Company's (and by extension the group) strategic management and is the mechanism through which risks associated with the Company's activities are addressed.

The key objectives of the risk management system include:

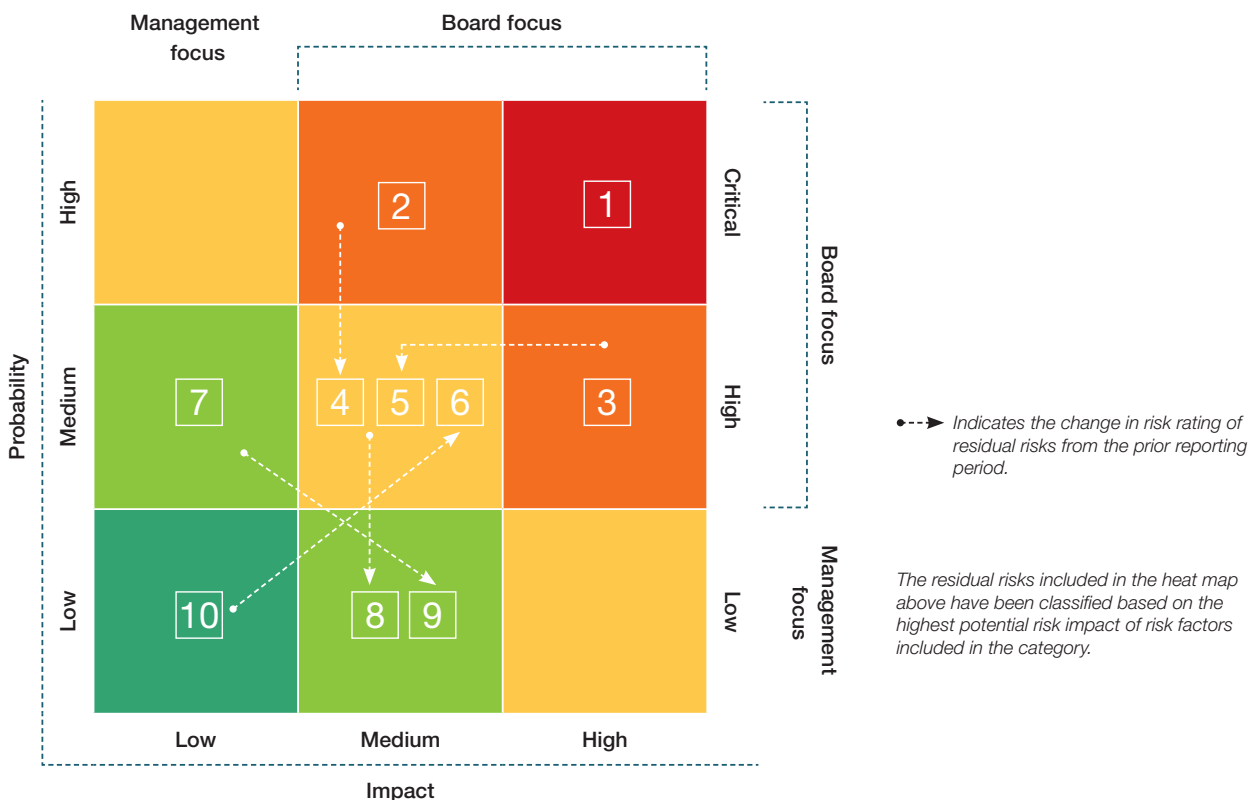
- ▶ Identification, assessment and mitigation of risks on a timely basis;

- ▶ Provision of timely information on risk situations and appropriate risk responses;
- ▶ Identification of potential opportunities which would result in increasing value; and
- ▶ Instilling a culture of effective risk management throughout the Lighthouse Group.

Risks are monitored via the risk management framework in terms of which management identifies risks, documents these in the risk matrix and assesses the probability of their occurrence, as well as the potential impact of the risk on the organisation. Each identified risk is then managed and, where possible, mitigated. In certain instances the board and management may have no control over residual risks. Due to the dynamic nature of the economic environment in which Lighthouse operate,s risks, and the impacts thereof, change constantly.

Accordingly, risk management is a dynamic and ongoing discipline which is continuously adapted to its environment.

The residual risks facing Lighthouse are reflected on this heat map:



The numbers on the heat map correspond with those on the following three pages.

1 LISTED SECURITIES		
Risk description	Effect on value creation	Stakeholders affected
<ul style="list-style-type: none"> ▶ Risk of underperformance of listed investments, specifically forecast dividends not being received, in the context of the larger exposure to strategic investments in listed real estate companies ▶ Market risk – listed security investments represents potential risk of loss of capital ▶ Portfolio concentration in certain assets/sectors represent a higher risk to market fluctuation ▶ Risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations ▶ COVID-19 has introduced additional risk and volatility to listed real estate securities' performance 	<ul style="list-style-type: none"> ▶ Decrease in equity value ▶ Distributable income is reduced due to the reduction of dividends received from investments ▶ Inability to meet obligations, which may force early liquidation of the position 	<ul style="list-style-type: none"> ▶ Shareholders ▶ Financiers ▶ Brokers
Key mitigants		
<ul style="list-style-type: none"> ▶ The board reassesses its investment strategy on a periodic basis to ensure that it is aligned with the strategic objectives of the Company while considering stakeholders' interests ▶ The board appoints nominees to the boards of directors of companies where the Company holds a significant stake to provide guidance over the strategies of those companies ▶ Management monitors the performance of listed counters on a daily basis. All investments are made in accordance with the investment mandate and the board monitors compliance with mandates on a quarterly basis 	<ul style="list-style-type: none"> ▶ Financial instruments are entered into with reputable financial institutions ▶ The Company limits its exposure to credit risk by investing with globally recognised financial institutions and/or counterparties that are listed on recognised stock exchanges ▶ Ensuring that sufficient cash reserves are held by detailed planning of cash flow needs, diversification considerations, and giving due consideration to how funds can be raised to fund cash shortfalls that may arise 	
Financial statement items affected	Key performance indicators impacted	The risk rating has remained consistent with the prior year
<ul style="list-style-type: none"> ▶ Investments (statement of financial position) ▶ Investment revenue (statement of profit or loss) 	<ul style="list-style-type: none"> ▶ Growing distributions ▶ Gearing ratio 	
2 AVAILABILITY AND COST OF FINANCE		
Risk description	Effect on value creation	Stakeholders affected
<ul style="list-style-type: none"> ▶ Shortage of financing or refinancing at acceptable cost ▶ Adverse changes in macroeconomic conditions or the Group's performance may lead to a rating downgrade and/or limited availability of capital ▶ Adverse interest rate movements 	<ul style="list-style-type: none"> ▶ Inability to fund property investments or development programme ▶ Increased cost of finance ▶ Increased cost of borrowing and hedging ▶ Higher cost of occupier incentives for new lettings 	<ul style="list-style-type: none"> ▶ Shareholders ▶ Financiers ▶ Brokers
Key mitigants		
<ul style="list-style-type: none"> ▶ Spread of sources of finance and maturity of facilities ▶ Continuing and extensive capital market and bank relationship management ▶ Conservative interest rate hedging policy 	<ul style="list-style-type: none"> ▶ Exposure reduced by entering into variable interest loans with fixed interest loans/facilities ▶ Interest rate hedging effectiveness regularly monitored 	
Financial statement items affected	Key performance indicators impacted	The risk rating has increased from the prior year
<ul style="list-style-type: none"> ▶ Interest-bearing borrowings (statement of financial position) ▶ Finance costs (statement of profit or loss) 	<ul style="list-style-type: none"> ▶ Growing distributions ▶ Gearing ratio 	

OUR RISKS AND OPPORTUNITIES continued

3 INVESTMENT PROPERTY		
Risk description <ul style="list-style-type: none"> ▶ Delays in executing appropriate direct property investment and development strategies, or executing in less favourable conditions ▶ Increased competition due to availability of capital in the market ▶ Damage to direct properties from natural disasters ▶ Physical deterioration of direct investments ▶ Liquidity risk or failure to raise capital 	Effect on value creation <ul style="list-style-type: none"> ▶ Lower equity value ▶ Lower total direct property returns (income and capital) ▶ Lower distributions 	Stakeholders affected <ul style="list-style-type: none"> ▶ Shareholders ▶ Tenants ▶ Operators ▶ Property managers ▶ Employees ▶ Financiers ▶ Suppliers
Key mitigants <ul style="list-style-type: none"> ▶ Defined investment strategy ▶ Robust and defined asset appraisal process ▶ Reviewing all opportunities against predetermined criteria ▶ Monitoring macroeconomic and property market trends ▶ Analysing an extensive pipeline of potential investments 		
Financial statement items affected <ul style="list-style-type: none"> ▶ Investment property (statement of financial position) ▶ Fair value change on investment property (statement of profit or loss) ▶ Property rental and related revenue (statement of profit or loss) ▶ Property operating expenses (statement of profit or loss) 	Key performance indicators impacted <ul style="list-style-type: none"> ▶ Insurance cover is carefully monitored to ensure that it is appropriate ▶ Management performs regular property inspections ▶ Cultivating investor confidence by declaring distributions regularly and making relevant and timely announcements to stakeholders 	The risk rating has increased from the prior year
Key performance indicators impacted <ul style="list-style-type: none"> ▶ Growing distributions ▶ Growth in like-for-like net property income ▶ Gearing ratio 		

4 DIRECT PROPERTY OCCUPIER MARKET		
Risk description <ul style="list-style-type: none"> ▶ Reduced retail occupier demand for space, increased supply and occupier defaults 	Effect on value creation <ul style="list-style-type: none"> ▶ Lower rental income and cash flow ▶ Empty unit (void) costs ▶ Lower property valuations and equity value ▶ Reduced strength of occupier covenants and increased arrears and bad debts ▶ Higher cost of occupier incentives for new lettings 	Stakeholders affected <ul style="list-style-type: none"> ▶ Shareholders ▶ Tenants ▶ Property managers ▶ Financiers ▶ Suppliers
Key mitigants <ul style="list-style-type: none"> ▶ High-quality tenants ▶ Diversified occupier base ▶ Long leases with strong financial covenants ▶ Quality assets are easier to relet 		
Financial statement items affected <ul style="list-style-type: none"> ▶ Investment property (statement of financial position) ▶ Fair value change on investment property (statement of profit or loss) ▶ Property rental and related revenue (statement of profit or loss) ▶ Property operating expenses (statement of profit or loss) 	Key performance indicators impacted <ul style="list-style-type: none"> ▶ Close occupier relationships assist in understanding changing requirements ▶ Review of consumer trends ▶ Retail occupiers at risk are monitored regularly 	The risk rating has decreased from the prior year
Key performance indicators impacted <ul style="list-style-type: none"> ▶ Growing distributions ▶ Growth in like-for-like net property income ▶ Gearing ratio ▶ Limiting vacancies ▶ Tenant receivable provision expense ▶ Gross property expenses to revenue ratio 		

5 REGULATION AND LEGISLATION		
Risk description <ul style="list-style-type: none"> ▶ Regulatory and legislation risk ▶ Disruptions to rental income due to the impact of lockdowns and other responses to the global pandemic and changes to legislation due to these responses ▶ Risks relating to stock exchange listings requirements ▶ Adverse changes to tax laws 	Effect on value creation <ul style="list-style-type: none"> ▶ Lower equity value ▶ Lower share value ▶ Lower distributions ▶ Lower rental income and cash flows ▶ Reduced strength of occupier covenants and increased arrears and bad debts 	Stakeholders affected <ul style="list-style-type: none"> ▶ Shareholders ▶ Tenants ▶ Property managers ▶ Financiers ▶ Suppliers
Key mitigants <ul style="list-style-type: none"> ▶ Advice from the Company's regulatory, tax, legal and other professional advisors, including stock exchange sponsors ▶ Active monitoring by legal and tax advisors, corporate sponsors and the company secretary ▶ Management reviews changes to legislation designed to limit the impact of global pandemics on businesses on a regular basis to assess the impact on our business 		
Key performance indicators impacted <ul style="list-style-type: none"> ▶ Growing distributions ▶ Growth in like-for-like net property income ▶ Gearing ratio 		The risk rating has decreased from the prior year

6 DEVELOPMENT		
Risk description <ul style="list-style-type: none"> ▶ Development and refurbishment risk including contractor solvency and availability ▶ Development and construction costs 	Effect on value creation <ul style="list-style-type: none"> ▶ Reduced returns ▶ Cost overruns ▶ Programme delays leading to potential loss of occupier revenue ▶ Failure to secure planning permission 	Stakeholders affected <ul style="list-style-type: none"> ▶ Shareholders ▶ Tenants ▶ Operators ▶ Property managers ▶ Financiers ▶ Suppliers
Key mitigants <ul style="list-style-type: none"> ▶ Close supply chain and project and development consultant relationships facilitate assessment and monitoring ▶ Assessment of contractors prior to appointment ▶ Rigorous monitoring of project timelines and costs 		
Financial statement items affected <ul style="list-style-type: none"> ▶ Investment property (statement of financial position) ▶ Fair value change on investment property (statement of profit or loss) 	Key performance indicators impacted <ul style="list-style-type: none"> ▶ Growing distributions ▶ Growth in like-for-like net property income ▶ Gearing ratio 	The risk rating has decreased from the prior year

OUR RISKS AND OPPORTUNITIES continued

7 ENVIRONMENTAL		
Risk description	Effect on value creation	Stakeholders affected
<ul style="list-style-type: none"> ▶ Risks associated with the impact of climate change, consumer and tenant trends, regulation and capital markets requirements 	<ul style="list-style-type: none"> ▶ Lower equity value ▶ Lower share value ▶ Lower distributions ▶ Lower rental income and cash flows ▶ Reduced strength of occupier covenants and increased arrears and bad debts ▶ Higher cost of financing 	<ul style="list-style-type: none"> ▶ Shareholders ▶ Tenants ▶ Property managers ▶ Financiers ▶ Suppliers
Key mitigants	Mitigants are mainly addressed via related risks:	
<ul style="list-style-type: none"> ▶ Advice from the Company's debt and equity markets, regulatory, and other professional advisors ▶ Certifications (i.e. Building Research Establishment's Environmental Assessment Method ("BREEAM")) with improvement recommendations which are considered and implemented as appropriate ▶ Management monitors the changing landscape on an ongoing basis and implements appropriate strategies to seize opportunities and address risks 	<ul style="list-style-type: none"> ▶ Investment property ▶ Development ▶ Investor demand ▶ Direct property occupier market ▶ Availability and cost of finance ▶ Regulation and legislation 	
Financial statement items affected	Key performance indicators impacted	This risk was not specifically highlighted in the prior year
<ul style="list-style-type: none"> ▶ Investment property (statement of financial position) ▶ Interest-bearing borrowings (statement of financial position) ▶ Property rental and related revenue (statement of profit or loss) ▶ Fair value change on investment property (statement of profit or loss) ▶ Finance costs (statement of profit or loss) 	<ul style="list-style-type: none"> ▶ Growing distributions ▶ Growth in like-for-like net property income ▶ Gearing ratio ▶ Limiting vacancies ▶ Tenant receivable provision expense ▶ Gross property expenses to revenue ratio 	
8 INVESTOR DEMAND		
Risk description	Effect on value creation	Stakeholders affected
<ul style="list-style-type: none"> ▶ Decrease in demand by investors for real estate 	<ul style="list-style-type: none"> ▶ Lower equity value ▶ Potential pressure on financing covenants 	<ul style="list-style-type: none"> ▶ Shareholders ▶ Financiers
Key mitigants	Mitigants are mainly addressed via related risks:	
<ul style="list-style-type: none"> ▶ Investing in prime properties ▶ Strong financial covenants ▶ Active asset management 	<ul style="list-style-type: none"> ▶ Ongoing engagement with investors and other key stakeholders 	
Financial statement items affected	Key performance indicator impacted	The risk rating has decreased from the prior year
<ul style="list-style-type: none"> ▶ Investment property (statement of financial position) ▶ Fair value change on investment property (statement of profit or loss) 	<ul style="list-style-type: none"> ▶ Gearing ratio 	

9 OPERATIONS		
Risk description <ul style="list-style-type: none"> ▶ Business continuity risk ▶ Underperformance of property managers ▶ Key-man risk 	Effect on value creation <ul style="list-style-type: none"> ▶ Lower equity value ▶ Lower share value ▶ Lower distributions ▶ Lower rental income and cash flows ▶ Reduced strength of occupier covenants and increased arrears and bad debts 	Stakeholders affected <ul style="list-style-type: none"> ▶ Shareholders ▶ Tenants ▶ Property managers ▶ Financiers ▶ Suppliers
Key mitigants <ul style="list-style-type: none"> ▶ Ensuring that the business continuity plan is executable ▶ Having appropriate business continuity plans and processes in place ▶ Compliance with service level agreements is monitored regularly ▶ Management reviews monthly reports and meets with the property managers on a regular basis ▶ Advice from the group's professional advisors 		
Financial statement items affected <ul style="list-style-type: none"> ▶ Property rental and related revenue (statement of profit or loss) ▶ Property operating expenses (statement of profit or loss) 	Key performance indicators impacted <ul style="list-style-type: none"> ▶ Growing distributions ▶ Growth in like-for-like net property income ▶ Gross property expenses 	The risk rating has effectively remained consistent with the prior year
10 CREDIT RISK		
Risk description <ul style="list-style-type: none"> ▶ Financial counterparty credit risks 	Effect on value creation <ul style="list-style-type: none"> ▶ Loss of hedges ▶ Loss of deposits ▶ Cost of changing financing, banking and brokerage facilities ▶ Increase in financing costs 	Stakeholders affected <ul style="list-style-type: none"> ▶ Shareholders ▶ Financiers ▶ Brokers
Key mitigants <ul style="list-style-type: none"> ▶ Summary of exposures by bank and credit ratings reviewed regularly ▶ Spread of sources of finance and maturity of facilities 		
Financial statement items affected <ul style="list-style-type: none"> ▶ Cash and cash equivalents (statement of financial position) ▶ Interest-bearing borrowings (statement of financial position) ▶ Finance costs (statement of profit or loss) 	Key performance indicators impacted <ul style="list-style-type: none"> ▶ Growing distributions ▶ Gearing ratio 	The risk rating has remained consistent with the prior year

SHAREHOLDER ANALYSIS

Shareholder spread at 31 December 2021 as defined in terms of the JSE Listings Requirements

	Number of shareholders	Number of shares held	Percentage of issued shares
Public	2 515	1 298 179 020	79,9
Directors and employees	7	326 694 524	20,1
Total	2 522	1 624 873 544	100,0

SIZE OF HOLDING

1 to 2 500 shares	1 370	573 401	0,0
2 501 to 10 000 shares	354	1 889 364	0,1
10 001 to 100 000 shares	420	14 360 532	0,9
100 001 to 1 000 000 shares	252	79 690 016	4,9
1 000 001 to 3 500 000 shares	78	141 619 110	8,7
More than 3 500 000 shares	48	1 386 741 121	85,3
Total	2 522	1 624 873 544	100,0

	Number of shares held	Percentage of issued shares
REGISTERED SHAREHOLDERS OWNING 5% OR MORE OF ISSUED SHARES		
Resilient REIT Limited	598 822 798	36,9
Delsa Investments Proprietary Limited	177 221 618	10,9
Total	776 044 416	47,8

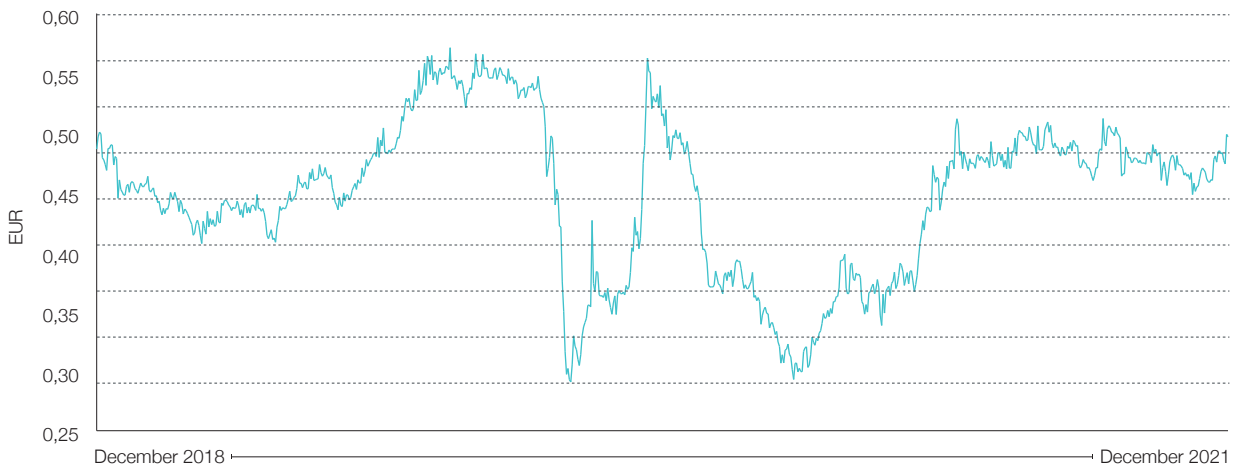
	Number of shares controlled	Percentage of issued shares
CONTROL OF MORE THAN 5% OF ISSUED SHARES		
Resilient REIT Limited	598 822 798	36,9
Delsa Investments Proprietary Limited	177 221 618	10,9
Total	776 044 416	47,8

SUMMARY OF FINANCIAL PERFORMANCE

The board is committed to creating sustainable stakeholder value by managing the portfolio and by maximising returns on Lighthouse’s assets.

The graphs below indicate the share price performance of Lighthouse on both a price return and total return basis. The performance of the Lighthouse shares is indexed using a base of 100 on 18 December 2018, the date of the share consolidation on a 1 for 20 basis.

CLOSING BALANCE



RELATIVE PERFORMANCE



CORPORATE INFORMATION

COMPANY DETAILS AND REGISTERED OFFICE

Lighthouse Properties p.l.c.

(formerly Lighthouse Capital Limited)

Registration number: C 100848

Redomiciled to Malta on 29 December 2021

ISIN: MU0461N00015

JSE share code: LTE

LEI: 549300UG27SWRFOX2U62

4th Floor, Office 41, Block A, IL-Piazzetta

Tower Road, Sliema, SLM 1605, Malta

info@lighthousecapital.mt

Tel: +356 2134 45601

BOARD OF DIRECTORS

Mark Olivier¹ (*chairperson*)

Justin Muller³ (*chief executive officer*) – appointed
13 July 2021

Kobus van Biljon³ (*chief financial officer*)

Edward Mc Donald³ (*chief operating officer*) – appointed
18 October 2021

Stuart Bird¹

Karen Bodenstein¹

Desmond de Beer²

Anthony Doublet¹ – appointed 5 August 2021

Stephen Paris¹ – appointed 5 August 2021

Barry Stuhler¹

Stephen Delpport³ – resigned on 12 July 2021

Nina Kretzman³ – appointed on 5 February 2021 and resigned on
18 October 2021

Jan Wandrag³ – resigned on 5 February 2021

David Axten – resigned 5 August 2021

Paul Edwards – resigned 5 August 2021

¹ Independent non-executive director

² Non-independent non-executive director

³ Executive director

NETHERLANDS OFFICE

World Trade Centre Tower A, Level 7

Strawinsky Laan 703, 1077XX Amsterdam

The Netherlands

SOUTH AFRICAN TRANSFER SECRETARY

JSE Investor Services Proprietary Limited

13th Floor, 19 Ameshoff Street

Braamfontein, Johannesburg, 2001

(PO Box 4844, Johannesburg, 2000) South Africa

JSE SPONSOR

Java Capital

6th Floor, 1 Park Lane, Wierda Valley, Sandton, 2196

(PO Box 522606, Saxonwold, 2132) South Africa

MALTESE MANAGEMENT COMPANY AND COMPANY SECRETARY

Maitland Malta Limited

4th floor, Avantech Building

St Julian's Road

San Gwann, SGN 2805

Malta

MALTESE REGISTRAR AND TRANSFER AGENT

Maitland Malta Limited

4th floor, Avantech Building

St Julian's Road

San Gwann, SGN 2805

Malta

AUDITOR

PwC Malta

78 Mill Street Zone 5

Central Business District

Qormi, CBD 5090

Malta

COMMERCIAL BANKERS

Standard Bank Mauritius

Level 9, Tower A, 1 Cybercity

Ebene, 72201, Mauritius

Afrasia Bank Ltd

3rd Floor, NexTeraCom Tower 3

Ebene, 72201, Mauritius



www.lighthousepropertiesplc.mt