

Annual financial report

Please find attached the below Announcement.

Attachment:

1. **Announcement**

Non Regulated

Publication Date: 28/04/2021

THE MALL OF CYPRUS (MC) PLC
ANNUAL REPORT AND FINANCIAL
STATEMENTS
For the year ended 31 December 2020

THE MALL OF CYPRUS (MC) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

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THE MALL OF CYPRUS (MC) PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Martin Olivier
George Mouskides
Takis Christodoulou
John George Mavrokordatos

Company Secretary:

Montrago Services Limited

Independent Auditors:

Deloitte Limited
Certified Public Accountants and Registered Auditors
24 Spyrou Kyprianou Avenue
1075 Nicosia
Cyprus

Legal Advisers:

Tassos Papadopoulos & Associates LLC
Panayiotis Demetriou & Associates LLC
Elias Neocleous & Co LLC
Ioannides Demetriou LLC
Nicos M. Elia LLC

Registered office:

3 Verginas Street
The Mall of Cyprus
Strovolos
2025, Nicosia
Cyprus

Bankers:

Bank of Cyprus Public Company Ltd
Eurobank Cyprus Ltd

Registration number:

HE3941

THE MALL OF CYPRUS (MC) PLC

MANAGEMENT REPORT

The Board of Directors of The Mall of Cyprus (MC) Plc (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2020.

Principal activities and nature of operations of the Company

The principal activity of the Company, which is unchanged from last year, is the leasing/granting of rights of use of space of its property, the Shacolas Emporium Park which includes a Shopping Mall, an IKEA store and other building developments for retail/commercial purposes.

Review of current position, and performance of the Company's business

The Company's revenue for the year ended 31 December 2020 was €15.407.377 compared to €16.328.255 (as restated) for the year ended 31 December 2019. The operating profit of the Company for the year was €309.985 (year ended 31 December 2019: €12.209.832).

The loss after tax of the Company for the year ended 31 December 2020 amounted to €3.602.821 (2019: profit after tax of €7.380.377).

On 31 December 2020, the total assets of the Company were €210.629.021 (2019: €224.687.378) and the net assets of the Company were €89.703.678 (2019: €93.306.499). The financial position, development and performance of the Company as presented in these financial statements would not be considered satisfactory under normal operating circumstances, however the extraordinary events of year 2020, as described further below imposed novel conditions, under which the Company has reacted accordingly, resulting to a reasonable outcome, given that a decline in results and weakening in financial position would have been inevitable.

Entering the period under review, as at 31 December 2019 / 1 January 2020, the Company has achieved full completion of the works regarding the project for the expansion of the Mall of Cyprus with an additional area of circa 5.500m² on the first and ground floors, the use of which is for retail, entertainment and cultural purposes in order to meet the demands of its customers/visitors and also increase the variety of offerings at the mall. With the expansion, about an additional 300 parking places had been created as well.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Future developments of the Company

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future. Future developments, however, are to an extent determinable by the circumstances surrounding the Company's operating environment, as explained in the relevant section of this Report, further below.

Existence of branches

The Company does not maintain any branches.

Use of financial instruments by the Company

The Company is primarily exposed to interest rate risk, credit risk, liquidity risk and capital risk (notes 6 and 7).

The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by Management and approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles and / or oral for overall risk management, as well as written and / or oral policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

Interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings at fixed rates expose the Company to fair value interest rate risk. All borrowings as at 31 December 2020 are at variable rates.

As at 31 December 2020, the Company's liabilities which bore variable interest rates amounted to €95.540.659. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

THE MALL OF CYPRUS (MC) PLC

MANAGEMENT REPORT

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, contractual cash flows of debt instruments carried at amortised cost, as well as credit exposures to tenants, including outstanding receivables and committed transactions. Credit risk also arises from intragroup guarantee arrangements that the Company participates in.

Credit risk is managed on a group basis. For banks and financial institutions, only those that are highly rated by the Board of Directors are accepted as counterparties. If lessees / users are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the lessees / users, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the lessee / user in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. Sales to lessees / users are settled in cash or using major credit cards.

As at 31 December 2020 the Company's credit risk arises from trade and other receivables amounting to €2.387.183 and bank balances amounting to €8.120.401 (excluding petty cash). Since 1 January 2018 the Company adopted IFRS 9 "Financial Instruments" and its credit risk management policies have been amended accordingly to take into consideration the expected credit loss model introduced by IFRS 9. The Company adapts the way it applies its expected credit loss model in response to the circumstances it is faced with. For further details refer to Note 6 section Credit risk.

Liquidity risk

Management monitors the current liquidity position of the Company based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or loans and based on budgeted forecasts. Management believes that it is successful in managing the Company's liquidity risk.

Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings minus cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. As at 31 December 2020 the Company's net debt amounted to € 87.419.876 (2019: € 91.571.984) and total equity of € 89.703.678 (2019: € 93.306.499) leading to a gearing ratio of 49,36% (2019: 49,53%).

Results

The Company's results for the year are set out on page 12.

Dividends

The Board of Directors does not recommend the payment of a dividend.

Share capital

There were no changes in the share capital of the Company during the year under review.

THE MALL OF CYPRUS (MC) PLC

MANAGEMENT REPORT

Operating Environment of the Company and going concern considerations

Details of the considerations regarding operating environment and going concern are presented in note 1 of the financial statements.

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries, such as manufacturing and financial services, have also been indirectly affected (to be tailored as relevant).

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that Cyprus was entering a state of emergency considering the uncertain situation as was unfold daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then, with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures were continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in significant operational disruption for the Company.

The impacts of COVID-19 are reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020. The Company's management has made an overall assessment of the financial reporting impact of the above events, but in particular:

(1) whether any impairment allowances are deemed necessary for the Company's financial assets, lease receivables and financial guarantee contracts, by considering the economic situation and outlook at the end of the reporting period.

(2) the inputs and metrics applied in measuring the fair value of the Company's most significant asset, i.e. its investment property.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

Management has also considered the unique circumstances that had a material impact on the business operations and the risk exposures of the Company and has concluded that the main impacts on the Company's profitability and liquidity position have arisen from the following:

- Interruption of operations during various time periods in the year, due to restrictions in leisure and consumer activities. This has led to reduction in revenues due to concessions to tenants to aid their ability to operate under challenging circumstances
- Reduction in revenues due to concessions to tenants to aid their ability to operate under challenging circumstances

THE MALL OF CYPRUS (MC) PLC

MANAGEMENT REPORT

- Modifications in credit granting and monitoring policies with the aim of maintaining adequate rate and extent of recovery of receivables
- Threats of breaching of financial covenants in place with financial institutions

At different times during the year and as of the date of this Report, Management has assessed the trading, investing and financing cash flows of the business, on a forward-looking basis, applying evolving assumptions and incorporating several scenarios in assessing actual and potential financing needs, always taking into consideration the main impacts identified above.

The successful deliberations with financial institutions in obtaining, during 2020, a period of debt repayment postponement and extending the eventual timing of debt settlement, as well as the implementation of an all-round plan of managing relationships with tenants (involving a concession scheme and special credit granting arrangements), along with containment of operational costs, has led Management to the conclusion that the Company's going concern status and outlook is not compromised.

The situation will continue to be under close monitoring and Management's response will be tailored accordingly.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

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

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

Directors' interests in the Company's share capital

The members of the Board of Directors did not control directly or indirectly any part of the share capital of the Company, at 31 December 2020 and as at the date of this report.

Except from the balance and transactions disclosed in Note 28 of the financial statements, there were no other significant contracts with the Company or related companies, in which a Director or related parties has a significant interest.

Events after the reporting period

Depending on the duration of COVID-19 pandemic, and continued negative impact on economic activity, the Company might experience an adverse impact on its results, liquidity restraints and incur additional impairments on certain of its assets (such as lease receivables), in 2021. The exact impact on the Company's activities in 2021 and thereafter cannot be predicted. Further details of the events after the reporting date on the Company are described in note 31 of the financial statements.

Main shareholders and related party transactions

The following shareholders of the Company held directly or indirectly over 5% of the Company's issued share capital:

	31 December 2020 Percentage of shareholding %	27 April 2021 Percentage of shareholding %
Direct shareholder:		
Atterbury Cyprus Limited	99,67	99,67
Indirect shareholders (through their indirect holdings in Atterbury Cyprus Limited):		
RMH Property Holdco 2 (Pty) Ltd (South Africa)	36,44	36,44
Business Venture Investments No 1360 (Pty) Ltd (South Africa)	24,30	24,30
Brightbridge Real Estate Limited	36,44	36,44

THE MALL OF CYPRUS (MC) PLC

MANAGEMENT REPORT

Independent Auditors

The independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Montrago Services Limited
Secretary

Nicosia, 27 April 2021

MONTRAGO SERVICES LIMITED

THE MALL OF CYPRUS (MC) PLC

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the financial statements of The Mall of Cyprus (MC) Plc (the "Company") for the year ended 31 December 2020, on the basis of our knowledge, declare that:

(a) The annual financial statements of the Company which are presented on pages 12 to 65:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Company included in the financial statements as a whole and

b) The management report provides a fair view of the developments and the performance as well as the financial position of the Company as a whole, together with a description of the main risks and uncertainties which it faces.

Members of the Board of Directors:

Martin Olivier - Director

George Mouskides - Director

Takis Christodoulou - Director

John George Mavrokordatos - Director

The block contains four handwritten signatures in blue ink, each positioned above a horizontal dotted line. The signatures are: 1. Martin Olivier, 2. George Mouskides, 3. Takis Christodoulou, and 4. John George Mavrokordatos. The signatures are stylized and cursive.

Responsible for drafting the financial statements

Antonia Constantinou (Financial Controller)

A handwritten signature in blue ink is positioned above a horizontal dotted line. The signature is stylized and cursive.

Nicosia, 27 April 2021

Independent Auditor's Report

To the Members of The Mall of Cyprus (MC) Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Mall of Cyprus (MC) Plc (the "Company"), which are presented in pages 12 to 65 and comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 1 of the financial statements, which describes the significant uncertainty associated with the COVID-19 pandemic and its impact on the Cypriot economy and the Company as well. Due to the COVID-19 pandemic, the activities, financial position and profitability of the Company has been impacted in the current financial year and will be affected in future periods, especially in 2021. However, the effects of these developments cannot be reasonably determined and quantified at this stage due to the significant uncertainty as to the exact impact and the duration of this pandemic.

Our audit opinion is not modified in respect of this matter.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, 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.



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Independent Auditor's Report (continued)

To the Members of The Mall of Cyprus (MC) Plc

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
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Valuation of Investment Property

The investment property is reported on the statement of financial position at a revalued amount of €197,540,000 which represents approximately 94% of the Company's total assets.

We have considered the valuation of investment property to be a key audit matter, as it requires applying significant judgement and subjectivity, in determining appropriate unobservable inputs and estimates for assessing the fair values such as terminal capitalisation rates, discount rate, fair market rents and yields. The outbreak of COVID-19, which was declared as a "World Pandemic" by the World Health Organization on 11 March 2020, has affected the degree of certainty associated with conducting the valuation assessments. The valuation report by the independent appraisal firm has been prepared on the basis of fair value appraisal uncertainty, as stated in the guidelines of the Royal Institution of Chartered Surveyors (RICS).

Refer to Note 4 "Significant accounting policies", Note 7 "Critical accounting estimates, judgements and assumptions" and Note 17 "Investment property" of the accompanying financial statements for further details.

We have performed, amongst others the following audit procedures, in order to address the risks of material misstatement associated with this key audit matter:

- Obtained an understanding of the internal controls surrounding the valuation process for investment property and assessed their design and implementation.
- Assessed the competence, capabilities, experience, professional qualifications and objectivity of the independent appraisal firm. In addition, we discussed the scope of their work with management and reviewed the related terms of engagement to determine that there were no matters that affected their objectivity or imposed scope limitations.
- With the support of our internal valuation specialists, (i) assessed whether the valuation methodology applied is appropriate and in line with international valuation standards as well as industry norms, (ii) challenged the appropriateness of the key parameters and assumptions used by the independent appraiser to estimate the fair values.
- Tested the accuracy and completeness of the data provided by the management to the independent appraisal firm.
- Checked the mathematical accuracy of the computations made in the valuation workings.
- With the support of our internal valuation specialists, we compared the 31st December 2020 investment property values with those of the previous revaluation as of 31st December 2019, and investigated any unexplained deviations identified and challenged where necessary the underlying data and assumptions.
- Assessed completeness and accuracy of all related disclosures in the financial statements based on the relevant international financial reporting standards, including significant assumptions and methods used in the valuations and sensitivity analysis on the changes of the unobservable inputs.

The above procedures were completed in a satisfactory manner.

Independent Auditor's Report (continued)

To the Members of The Mall of Cyprus (MC) Plc

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and the declaration of the Members of the Board of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report (continued)

To the Members of The Mall of Cyprus (MC) Plc

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with 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 Requirements

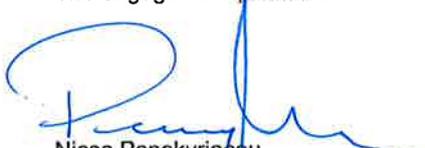
Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.

Other Matter

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

The engagement partner on the audit resulting in this independent auditor's report is Nicos Papakyriacou.



Nicos Papakyriacou
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 27 April 2021

THE MALL OF CYPRUS (MC) PLC

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 €	2019 (restated) €
Rights for use of space and other revenue	8	15.407.377	16.328.255
Other operating income	9	61.047	40.489
Fair value (losses)/gains on investment property	10	(9.080.051)	901.133
Impairment charge on trade and other receivables	6.2,19	(1.363.772)	(76.217)
Administration and other operating expenses	11	(4.714.616)	<u>(4.983.828)</u>
Operating profit		309.985	12.209.832
Finance income	13	321.557	168.587
Finance costs	13	(4.711.867)	(3.431.080)
Other gains/(losses)	23	233.761	<u>(623.404)</u>
(Loss)/profit before tax		(3.846.564)	8.323.935
Income tax	14	243.743	<u>(943.558)</u>
(Loss)/profit for the year		(3.602.821)	7.380.377
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		<u>(3.602.821)</u>	<u>7.380.377</u>
(Loss)/earnings per share attributable to equity holders (cent)	15	<u>(3.60)</u>	<u>7.38</u>

The notes on pages 16 to 65 form an integral part of these financial statements.

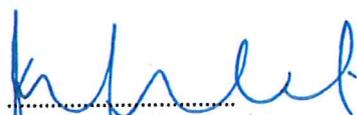
THE MALL OF CYPRUS (MC) PLC

STATEMENT OF FINANCIAL POSITION

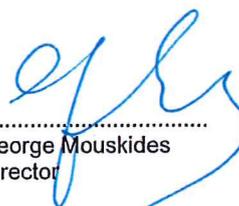
31 December 2020

	Note	2020 €	2019 €
ASSETS			
Non-current assets			
Property and equipment	16	418.684	432.363
Investment property	17	197.540.000	206.370.000
Prepayments and other assets	20	730.307	640.600
		<u>198.688.991</u>	<u>207.442.963</u>
Current assets			
Trade and other receivables	19	2.387.183	1.946.628
Loans receivable	18	372.458	-
Prepayments and other assets	20	918.616	449.550
Refundable taxes	27	140.990	140.990
Cash at bank and in hand	21	8.120.783	14.707.247
		<u>11.940.030</u>	<u>17.244.415</u>
TOTAL ASSETS		<u>210.629.021</u>	<u>224.687.378</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	22	50.000.000	50.000.000
Retained earnings		39.703.678	43.306.499
Total equity		<u>89.703.678</u>	<u>93.306.499</u>
Non-current liabilities			
Borrowings	23	89.161.195	97.598.920
Trade and other payables	26	2.008.133	2.337.268
Deferred tax liabilities	24	18.354.879	18.705.794
		<u>109.524.207</u>	<u>118.641.982</u>
Current liabilities			
Trade and other payables	26	2.392.432	2.558.586
Borrowings	23	6.379.464	8.680.311
Provisions for other liabilities and charges	25	2.629.240	1.500.000
		<u>11.401.136</u>	<u>12.738.897</u>
Total liabilities		<u>120.925.343</u>	<u>131.380.879</u>
TOTAL EQUITY AND LIABILITIES		<u>210.629.021</u>	<u>224.687.378</u>

On 27 April 2021 the Board of Directors of The Mall of Cyprus (MC) Plc authorised these financial statements for issue.



John George Mavrokordatos
Director



George Mouskides
Director

The notes on pages 16 to 65 form an integral part of these financial statements.

THE MALL OF CYPRUS (MC) PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2019	50.000.000	35.926.122	85.926.122
Comprehensive income			
Net profit for the year	-	7.380.377	7.380.377
Balance at 31 December 2019/ 1 January 2020	50.000.000	43.306.499	93.306.499
Comprehensive income			
Net loss for the year	-	(3.602.821)	(3.602.821)
Balance at 31 December 2020	50.000.000	39.703.678	89.703.678

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the General Healthcare System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 16 to 65 form an integral part of these financial statements.

THE MALL OF CYPRUS (MC) PLC

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 €	2019 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(3.846.564)	8.323.935
Adjustments for:			
Depreciation of property and equipment	16	85.953	58.756
Fair value losses/(gains) on investment property	17	9.080.051	(901.133)
Interest income	13	(321.557)	(168.587)
Interest expense and modifications on financial liabilities, net	13,23	4.478.106	3.431.080
Provision for financial guarantees	25	26.640	-
		9.502.629	10.744.051
Changes in working capital:			
Increase in trade and other receivables		(440.556)	(416.322)
(Increase)/decrease in prepayments and other assets		(558.773)	302.824
Decrease in financial assets at amortised cost		-	77.602
Decrease in trade and other payables		(671.700)	(326.430)
Cash generated from operations		7.831.600	10.381.725
Tax paid		(107.172)	(823.699)
Net cash generated from operating activities		7.724.428	9.558.026
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment	16	(72.274)	(330.279)
Payment for construction and purchase of investment property (excluding capitalised interest paid)	17	(99.502)	(9.096.358)
Loans granted to related company	18	(350.263)	-
Interest received		299.362	168.587
Net cash used in investing activities		(222.677)	(9.258.050)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of bank borrowings	23	(9.877.884)	(5.036.014)
Repayment of loans from related companies	23	(2.473.325)	(6.800.000)
Proceeds from bank borrowings	23	-	25.828.451
Proceeds from loans from related companies	23	-	1.843.351
Interest paid (including capitalised interest paid)	23	(1.156.660)	(2.994.668)
Net cash (used in)/generated from financing activities		(13.507.869)	12.841.120
Net (decrease)/increase in cash and cash equivalents		(6.006.118)	13.141.096
Cash and cash equivalents at beginning of the year	21	14.126.901	985.805
Cash and cash equivalents at end of the year	21	8.120.783	14.126.901

Significant non-cash transactions are disclosed in the notes to the financial statements.

The notes on pages 16 to 65 form an integral part of these financial statements.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. Incorporation and principal activities

Country of incorporation and status

The Mall of Cyprus (MC) Plc (the "Company") was incorporated in Cyprus on 27 November 1971 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Since 6 August 2010 the Company is listed on the (unregulated) Emerging Companies Market of the Cyprus Stock Exchange. Its registered office is at 3 Verginas Street, The Mall of Cyprus, Strovolos, 2025, Nicosia, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the leasing/granting of rights of use of space of its property, the Shacolas Emporium Park which includes a Shopping Mall, an IKEA store and other building developments for retail/commercial purposes.

Operating Environment of the Company and assessment of Going Concern status

Economic indicators

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life. The Cypriot economy, while showing steady growth between 2015-2019 experienced recessionary pressures during 2020, as the emergence of the pandemic led to the implementation of extraordinary measures for its containment, such as high public spending, leading to a heightened fiscal deficit for the State. The 2021 recovery is expected to be only partial and will most likely not be sufficient to reinstate the country to pre-COVID-19 conditions. Restrictive measures to tackle the pandemic, the resulting loss of income and employment despite government support measures, also have a negative impact on the consumer spending.

Outbreak of COVID 19 and impact on the Company

(i) General considerations

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries, such as manufacturing and financial services, have also been indirectly affected.

(ii) Country-wide measures

In Cyprus, following the extraordinary meeting of the Council of Ministers of the Republic that took place on 15 March 2020 and considering the fluid situation as it unfolded daily at the time, given the growing spread of COVID-19 and based on the World Health Organization's data on the situation, the Council of Ministers had announced that it considered that Cyprus was entering a state of emergency. To that end, certain measures were taken with a view to safeguarding public health and ensuring the economic survival of working people, businesses, economically vulnerable groups and the economy at large. More specifically, new entry regulations have been announced with regards to protecting the population from a further spread of the disease tightening the entry of individuals in Cyprus. Additionally, a considerable number of private businesses of different types was forced to remain closed from Monday, 16th of March 2020 and for a period of four weeks. In addition, on 23 March 2020, by announcement of the President of the Republic, it was clarified that all retailers (with very limited exceptions) should be suspending their operations until further notice.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Following the improvement of the situation and the containment of the spread of the pandemic, the Government concluded on the gradual relaxation of the previously imposed measures in three main phases.

-Phase 1, between 4 and 20 May 2020

-Phase 2, between 21 May and 8 June 2020

-Phase 3, between 9 June and 13 July 2020

During the latter phase, Shopping malls and department stores resumed normal operations, with the Mall of Cyprus reopening under strict safety measures on 9 June 2020.

At a subsequent stage, due to the resurgence of the pandemic, the Ministry of Health issued a decree with effect from 11 December 2020, which included the suspension of operations for indoor shopping centres. With gradual relaxations taking effect afterwards, the Mall resumed operations (under the necessary safety protocols), from 8 February 2021 and continues to operate to date.

(iii) Impact on the Company and its operations

The public policy measures put in place to contain the spread of the COVID-19 have resulted in significant operational disruption for the Company during the year and to date. During this time, the Company considers that the health, safety and wellbeing of all the Company's stakeholders remains the Company's highest priority. This approach will ensure the preservation and longevity of the assets and the business. The Company considers of critical importance that long-standing relationships with stakeholders, being tenants, patrons, suppliers, service providers and financiers are maintained in all respects.

In terms of implementing practical measures to curb the spread of the virus, the Company's initial, as well as continuing operational response includes among other, the following:

- i) Hand sanitizers placed through the Malls (toilets, entrance ways, food court and offices);
- ii) Increased cleaning regime, paying particular attention to customer touch points (taps, toilet handles, soap dispenser, locks, handles, lift plates, escalator handrails, benches and management offices);
- iii) Increased marketing and communication encouraging cleanliness and responsibility of our patrons through social media channels;
- iv) Reduction of electricity consumption; and
- v) Increased fresh air flow through the malls building to reduce the risks of the virus.

In compliance with the measures announced by the Government of Cyprus, the closure of the Mall of Cyprus started on 16 March 2020, and ended on 9 June 2020, with uninterrupted operations until 11 December 2020, at which time the operation of shopping centres was suspended once more. This continued until 8 February 2021. During the periods of closure, the operation of supermarkets and certain restaurants fulfilling home delivery orders continued as permitted. Normal operations resumed as of that time and until 25 April 2021, at which point a short-duration lockdown came into effect, following a decree by the Ministry of Health.

The above restrictions, as expected, caused a significant decrease in revenue as many stores were not allowed to trade in normal terms and as a result discounts were granted to tenants (note 8).

Impact on liquidity, profitability and financial position and Going Concern outlook

The impacts of COVID-19 are reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020. The Company's management has made an overall assessment of the financial reporting impact of the above events, but in particular:

(1) whether any impairment allowances are deemed necessary for the Company's financial assets, lease receivables and financial guarantee contracts, by considering the economic situation and outlook at the end of the reporting period.

(2) the inputs and metrics applied in measuring the fair value of the Company's most significant asset, i.e. its investment property

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

Management has considered the unique circumstances that had a material impact on the business operations and the risk exposures of the Company/ Group and has concluded that the main impacts on the Company's/ Group's profitability/liquidity position have arisen from:

- Interruption of operations during various time periods in the year, due to restrictions in leisure and consumer activities. This has led to reduction in revenues due to concessions to tenants to aid their ability to operate under challenging circumstances.
- Modifications in credit granting and monitoring policies with the aim of maintaining adequate rate and extent of recovery of receivables
- Threats of breaching of financial covenants in place with financial institutions

At different times during the year and as of the date of this Report, Management has assessed the trading, investing and financing cash flows of the business, on a forward-looking basis, applying evolving assumptions and incorporating several scenarios in assessing actual and potential financing needs, always taking into consideration the main impacts identified above.

Management is of the opinion that the Company's going concern status and outlook is not compromised. Principal factors in support of this conclusion include, but are not limited to:

- the successful deliberations with financial institutions in obtaining, during 2020, a period of debt repayment postponement and in addition, an extension of final debt settlement (refer to note 23 for terms of bank financing).
- the implementation of an all-round plan of managing relationships with tenants (involving a concession scheme and special credit granting arrangements),

The potential scenarios which could lead to the Company not being a going concern, along with Management's evaluation, are considered to be:

- Not having sufficient cash to meet liabilities as they fall due or meet financing obligations.

With respect to this scenario, the Company maintains a positive cash and net working capital position and based on its cashflow forecasts extended to year 2022 such are expected to remain. In the event however of any temporary shortfall, Group financial support may be available by delaying/deferring settlements of amounts due to other Atterbury group companies, for easing cash flow pressures.

- A non-remedied breach of the financial covenants within the Company's bank facilities.

These covenants are applicable to the Company, its fellow subsidiary the Mall of Engomi (ME) Plc and the parent entity Atterbury Cyprus Limited, and are as follows:

- Debt Service Cover Ratio: no less than or equal to 1.1 times
- Debt to Equity Ratio: shall not exceed 1.4 times
- Loan to Value Ratio: shall not exceed 60%

With respect to this the above, Management considers the following:

a. There has been an agreement between the Company and the Bank of Cyprus Public Company Ltd (which binds Eurobank Cyprus Ltd under the relevant loan syndication arrangements) and as a result no interest or principal loan instalments has been due for a period of nine months from April 2020. This significantly eased the short-term monthly cash outflow obligations of the Company. The principal loan arrangements of the Company have been extended for such period of nine months further to their initial contractual maturity. Refer to note 23.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

b. As a result of negotiations with the banks, measurement and monitoring of loan covenants for the above period is not considered suspended, but neither is it considered a source of imminent risk to the Company's operations. The Company is currently in full compliance with such covenants and expects to remain so. The Company also expects that there should not be any issue concerning the Company's cross guarantee position in favour of its fellow subsidiary, as the latter's position and performance is expected to be sufficient to avoid any unfavourable developments that may burden the entity. Based on the Company's assessment, the main covenants are the debt service cover ratio and the loan to value ratio requirements. Based on the forecasts by Management, there is significant headroom before being at risk of any such breach.

- Interruption of operations and worsening of the financial position of customers

Management acknowledges the possibility that tenants, who have already suffered financial losses and reduced performance, may in future continue to face such risks. This is an issue that is being appropriately managed with continuous monitoring of the tenants' ongoing situation, and by considering options such as special repayment terms and temporary concessions.

During the period of the initial lockdown i.e. March to May 2020, all tenants were billed as normal in relation to monthly license fees. For tenants that were unable to trade due to government restrictions or whose insurance cover does not include business interruption, the Company made arrangements to absorb 50% of the license fees from 16th March 2020 up until the re-opening of the Shopping mall (i.e. June 9th). Furthermore, special credit granting provisions were made to maximise the chances of recovering debts due.

Although certain tenants continue to face issues, recovery of receivables to date has been satisfactory. Further concession plans may be introduced if deemed necessary. There are no indications to date of any key tenants considering terminating their arrangements with the Company.

In order to assess the actual and potential impact on the Company's financial position, financial performance and cash flows, management has undertaken a continuous process of reassessing its cash flow and profitability forecasts by incorporating downside scenarios and the risks mentioned above (including breach of covenants) and assessed that the Company will be in a position to continue its normal course of business and to meet its obligations as they become due, for a period of at least twelve months from the date of signing these financial statements. The reassessment process will be evaluated as the changes to the pandemic evolve.

2. Basis of preparation

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

Management has adopted the going concern basis for the preparation of these financial statements, taking into account the entity's financial performance, position and assessed future prospects (note 1).

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

• Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) (effective for annual periods beginning on or after 1 January 2020).

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. Adoption of new or revised standards and interpretations (continued)

- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020).

In March 2018 the IASB issued a comprehensive set of concepts for financial reporting, the revised "Conceptual Framework for Financial Reporting" (Conceptual Framework), replacing the previous version issued in 2010. The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements, while some of the concepts in the revised Framework are entirely new (such as the "practical ability" approach to liabilities". To assist companies with the transition, the IASB issued a separate accompanying document "Amendments to References to the Conceptual Framework in IFRS Standards". This document updates some references to previous versions of the Conceptual Framework in IFRS Standards, their accompanying documents and IFRS Practice Statements.

- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018) (effective for annual periods beginning on or after 1 January 2020).

The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (Phase I)

In September 2019, the IASB issued Interest Rate Benchmark Reform, which amended IFRS 9, IAS 39 and IFRS 7. The amendments require qualitative and quantitative disclosures to enable users of financial statements to understand how an entity's hedging relationships are affected by the uncertainty arising from interest rate benchmark reform. The amendments are to be applied retrospectively.

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. Adoption of new or revised standards and interpretations (continued)

• Amendments to IFRS 16 Leases Covid 19 – Related Rent Concessions (Effective for annual reporting periods beginning on or after 1 June 2020)

In May 2020, the Board published “Covid-19-Related Rent Concessions (Amendments to IFRS 16)” amending the standard to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. The changes amend IFRS 16, as follows:

As a practical expedient, a lessee may elect not to assess whether a rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying the Standard as if the change was not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) there is no substantive change to other terms and conditions of the lease.

A lessee shall apply Covid-19-Related Rent Concessions retrospectively, recognising the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment and rental concessions or changes will be treated as a lease modification. Lessors are not impacted by these amendments.

4. Significant accounting policies

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

Administration and operating expenses

Expenses incurred are recognised on an accrual basis.

Management includes in the standard license/lease agreements specific terms which enables the mall to recharge or recover property expenses from the tenants. The expenses are incurred for the sole benefit of the tenant and to optimize the production of income in the mall. The rechargeable property expenses include items such as (i) common area maintenance costs (ii) property management costs (iii) security & cleaning and (iv) general utility expenses. These expenses are presented as a separate expense line item under the “Administration and other operating expenses” financial statement caption. All other expenses items are presented in the notes to the financial statements, grouped and classified by their nature.

Segmental reporting

The Company believes that there are no separate operating segments under IFRS8 ‘Operating Segments’ for which there is discrete financial information for making decisions on allocating resources and evaluating their performance. The Management of the Company (Board of Directors) (upper body for making operational decisions) take decisions for resource allocation and assessing their performance based on internal reports at Company level. These reports are consistent with IFRS which were used for the preparation of the financial statements. There is no additional information on the performance of individual segments.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Revenue

Recognition and measurement

Revenue includes (i) lease income from rights for use of space, (ii) lease income on land assets, and (iii) service charges, utility costs recharged and other recoveries from tenants.

- **Lease income from rights for use of space**

The income from rights for use of space under operating leases, is recognised on a straight-line basis over the term of the relevant lease, taking into account the impact of any rent-free periods and incentives (refer to below paragraph). Initial direct costs incurred in negotiating and arranging an operating lease are expensed in profit or loss.

Incentives granted to tenants (such as relocation incentives that are typically provided to aid tenants in bringing newly occupied tenancy space in operational condition for their intended business use and that are considered lessee assets) in relation to the investment property of the Company, are initially capitalised in the statement of financial position under "other assets", and accordingly charged on a systematic basis to profit or loss, in arriving at revenue for the financial period.

Furthermore, in the normal course of business, the Company may enter into specific arrangements with tenants, for the latter to cover portions of capital improvements that result in the enhancement of the Company's investment property and for which tenants have no recourse against the Company. Such tenant contributions are initially recognised in the statement of financial position as deferred income and are subsequently credited to profit or loss on a systematic basis in arriving at revenue for the financial period.

Additional licence fee income constituting variable consideration based on lessee's level of annual turnover in comparison to minimum licence fees, is recognised once conditions for such recognition have been met.

- **Lease income on land assets**

Income arising from operating leases on investment properties comprising land is recognised on a straight-line basis over the term of the relevant lease, taking into account the impact of any rent free periods and incentives.

- **Revenue from service charges, utilities and other recoveries**

Revenue from service charges and utilities is considered a non lease component of the standard license/lease contracts. This form of revenue is recognised in the accounting period in which control of the services are passed to the tenant; which is when the service is rendered. Management includes in the standard license/lease agreements specific terms which enables the mall to recharge or recover property expenses from the tenants. The expenses are incurred for the sole benefit of the tenant and to optimize the production of income in the mall. The rechargeable property expenses include items such as (i) common area maintenance costs (ii) property management costs (iii) security & cleaning and (iv) general utility expenses.

Revenue is recognised gross, on the premise that under the above arrangements, the Company acts as Principal in providing such services to tenants, since the services concerning property-related expenses as mentioned above, are purchased by the Company (i.e. they are under the Company's control) and are subsequently transferred to tenants.

- **Dividend income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Finance income

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position available for benefits liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Plant and machinery	10-20
Signs	15
Furniture, fixtures and office equipment	15-20
Computers	33
Art works	Nil

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For art works, management has adopted a nil rate of depreciation since by their nature, residual value is not reduced.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Investment property

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Investment property comprises commercial property (including associated land) held primarily to earn licence fees and rental income and for capital appreciation. In the case of buildings, these are substantially rented/licenced to tenants and not intended to be sold in the ordinary course of business. Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees and any other costs required to bring the property to the condition necessary for it to be capable of operating. Eligible borrowing costs are capitalised on investment property that is regarded as a qualifying asset under IAS23.

After initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements is reduced by the carrying amount of any accrued income, relocation incentives and unamortised rent concessions.

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Company considers the effects of variable consideration, the existence of a significant financing component, noncash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

Leases (right of use of space)

The Company as lessor

The Company enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for the head lease and the sub lease as two separate contracts. The sub lease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease. Rental income/licence fee income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are expensed in profit or loss.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. Amounts due from lessees under operating leases, are classified under "trade receivables". When a contract includes both lease and non lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component. The non lease components are then accounted for in accordance with the relevant standard.

The Company's entire investment property is primarily considered as leased out under operating lease arrangements. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Classification (continued)

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

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

For trade receivables (which comprise primarily of operating lease receivables and receivables from recharges of common expenses to tenants) including trade receivables with a significant financing component the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets

For all other financial assets such as cash and cash equivalents, loans receivable etc., that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and bank overdrafts. In the statement of financial position available for benefits, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost (loans and other receivables)

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Financial assets (continued)

Trade receivables (receivables from tenants under operating lease arrangements)

Trade receivables are amounts due from tenants for services provided in the ordinary course of business. Specifically, trade receivables are primarily comprised of:

- Receivables from tenants for licence fees/rentals under operating lease agreements, and
- Receivables from tenants with respect to service charges for common area and associated expenses recharged by the Company.

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position available for benefits date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Financial assets (continued)

Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Trade and other payables

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

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Deferred income

In the normal course of the business, the Company may enter into specific arrangements with tenants, for the latter to cover portions of capital improvements that result in the enhancement of the Company's investment property and for which tenants have no recourse against the Company. Such payments made by the Company on behalf of tenants for additional construction work and alterations made to the Company's investment property under leasing arrangements, are initially recorded in deferred income. Such alterations and construction works are mutually agreed between the Company and the tenants. The Company, to recognise the benefit resulting from the fact that tenants unconditionally contribute to enhancements of the investment property, which effectively remain under the control and ownership of the Company, amortises such deferred income from the point in time the works are completed, over the remaining duration of the associated tenancy contracts, on a straight line basis. Amounts amortised are recognised in "other lease related income" in arriving at reported "Revenue" (note 8).

Correction of errors and amendments in presentation, within comparative financial information

In the current year, the Company has adjusted the presentation of certain comparative figures to conform to changes in presentation for financial year 2020. Such adjusted presentation was necessary, primarily for the correction of prior year errors. Specifically, the Company has adopted a revised presentation to align it with requirements of relevant IFRS, as follows:

(a) Revenue (note 8) - this incorporates the impact of the annual amortised portion of deferred income in relation to investment property improvements, borne by tenants. Previously, such amounts had been classified within note 9, "other operating income". This adjustment concerns error in presentation of prior year.

(b) Interest income earned on bank balances and from loans granted, is classified under "finance income/cost" (note 13). Previously, such amounts had been classified under "other operating income" (note 9). This adjustment concerns error in presentation of prior year.

(c) Fair value gains/losses on bank borrowings are classified as other gains/losses separately on the face of the statement of comprehensive income. Previously such amounts have been classified under "Finance income/costs" (note 13). This adjustment concerns error in presentation of prior year.

(d) Impairment charge on trade and other receivables, although not material for financial statement purposes, is classified and presented on the face of the statement of comprehensive income to conform with current year's balance. Previously such amount has been classified under "Administration and other operating expenses" (note 11). This adjustment concerns a revised presentation for comparatives due to the significance of impairment charges on trade and other receivables in year 2020, which requires separate disclosure under IAS1, as explained above. In the previous period there was no requirement due to the immateriality of such impairment charges, however restatement is considered appropriate to maintain comparability on the face of the statement of comprehensive income.

The above retrospective restatements do not have any impact to the primary statements of the Company (statement of financial position, statement of cashflows and statement of changes in equity), other than the statement of comprehensive income.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. Significant accounting policies (continued)

The impact of the restatement on the statement of comprehensive income for the year ended 31 December 2019, is presented below:

	As previously reported	Effect of restatement	As restated
	€	€	€
Rights for use of space and other revenue - (note 8) (note (a))	16.075.236	253.019	16.328.255
Other operating income, net - (note 9) (notes (a) & (b))	462.095	(421.606)	40.489
Finance income - (note 13) (note (b))	-	168.587	168.587
Finance costs - (note 13) (note (c))	(4.054.484)	623.404	(3.431.080)
Other gains/(losses) (note (c))	-	(623.404)	(623.404)
Administration and other operating expenses - (note 11) (note (d))	5.060.045	(76.217)	4.983.828
Impairment charge on trade and other receivables (note 6.2, 19) (note (d))	-	76.217	76.217

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted. The Board of Directors expects that the adoption of these accounting standards by the Company will have, in most instances, an insignificant effect on the financial statements of the Company. The Board has not finalised its assessment of the overall potential impact of adopting the below in future periods.

a. Amendments which are not effective for the current year and have been endorsed by the European Union:

- *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 regarding "Interest Rate Benchmark Reform – Phase 2" (Effective for annual periods beginning on or after 1 January 2021)*

In August 2020, the International Accounting Standards Board (Board) published Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relate to the modification of financial assets, financial liabilities, lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The amendments are applied retrospectively. Restatement of prior periods is not required however, an entity may restate prior periods if, and only if, it is possible without the use of hindsight. Early application is permitted.

- *Amendments to IFRS 4 Insurance Contracts–deferral of IFRS 9 (Effective for annual periods beginning on or after 1 January 2021)*

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) defers the fixed expiry date of the amendment to annual periods beginning on or after 1 January 2023.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

5. New accounting pronouncements (continued)

b. New standards and amendments, which are not effective for current year and have not yet been endorsed by the European Union.

- *Amendments to IFRS 3 Business Combination, reference to the Conceptual Framework (Effective for annual reporting periods beginning on or after 1 January 2022)*

The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21 an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- *Amendments to IAS 16 regarding proceeds before intended use (Effective for annual reporting periods beginning on or after 1 January 2022)*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds for selling items produced while bringing that asset to the location and condition necessary for it to be capable of operation in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments apply retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Early application is permitted.

- *Amendments to IAS 37 regarding Onerous Contracts (Effective for annual periods beginning on or after 1 January 2022)*

Amendments in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Early application is permitted.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

5. New accounting pronouncements (continued)

- *Annual improvements to IFRS Standards 2018-2020 Cycle (Effective for annual periods beginning on or after 1 January 2022)*

The Annual Improvements include amendments to a number of standards, as listed below:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: The amendment permits a subsidiary that is a first time adopter that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test (paragraph B3.3.6 of IFRS 9) in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 Leases: The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 Agriculture The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. The amendment ensures consistency with the requirements in IFRS 13.

The amendments should be applied prospectively. Early application is permitted.

- *IFRS 17 Insurance Contracts (Effective for annual reporting periods beginning on or after 1 January 2023)*

The new standard replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosures for insurance contracts. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. The information gives a basis for users of financial statements to assess the effect that the insurance contracts have on the entity's financial position, financial performance and cash flows.

An entity shall apply the standard retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach. Early application is permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied.

- *Amendments to IFRS 17 Insurance Contracts (Effective for annual reporting periods beginning on or after 1 January 2023)*

In May 2020, the International Accounting Standards Board issued several significant "Amendments to IFRS 17" to address concerns and implementation challenges that were identified after IFRS 17 "Insurance Contracts" was published in 2017. One of these refers to an additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as an optional scope exclusion for loan contracts that transfer significant insurance risk.

The amendments are to be applied retrospectively. Earlier application is permitted.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

5. New accounting pronouncements (continued)

- *Amendments to IAS 1 regarding classification of Liabilities as Current or Non-Current (Effective for annual reporting periods beginning on or after 1 January 2023)*

The amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are to be applied retrospectively. Earlier application is permitted.

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Effective for annual reporting periods beginning on or after 1 January 2023)*

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments are applied prospectively. Earlier application is permitted.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

5. New accounting pronouncements (continued)

- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Effective for annual reporting periods beginning on or after 1 January 2023)*

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods

The amendments are applied prospectively. Earlier application is permitted.

- *Amendment to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. (Effective date postponed until further notice from IASB)*

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

The above are expected to have no significant impact on the Company's financial statements when they become effective. Management will consider the impact of adoption on a continuous basis.

6. Financial risk management

Financial risk factors

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

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Other than cash at bank which attract interest at normal commercial rates, the Company has no other significant interest-bearing financial assets. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company does not have any fixed rate borrowings and all its bank borrowings are variable rate. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2020	2019
	€	€
Variable rate instruments		
Financial assets - cash at bank and loans receivable	8.492.859	14.707.049
Financial liabilities - loans payable	<u>(95.540.659)</u>	<u>(106.279.231)</u>
	<u>(87.047.800)</u>	<u>(91.572.182)</u>

An increase of 100 basis points in interest rates at 31 December 2020 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on profit or loss:

	Profit or loss	
	2020	2019
	€	€
Variable rate instruments	<u>870.478</u>	<u>915.722</u>
	<u>870.478</u>	<u>915.722</u>

6.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to tenants, including outstanding receivables.

Credit risk is managed on a group basis, unless circumstances require specific monitoring of the risk profile of tenants, on an individual basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties.

For banks and financial institutions, only those that are highly rated by the Board of Directors are accepted for conducting business transactions. Management assesses the credit quality of the users of space of property, taking into account their financial position, past experience and other factors.

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

- trade receivables from the grant of use of space/land rentals
- other financial assets at amortised cost
- cash and cash equivalents

The Company's exposure to credit risk for each class of asset subject to the expected credit loss model is set out below (the Company is also exposed to financial guarantee contracts with related entities):

Trade and other receivables

Tenants financial position is constantly monitored by the Company and are assessed according to the Company's criteria prior to entering into lease agreements. Credit is managed by billing rentals to tenants at the beginning of each month and requiring them to pay in advance. The credit quality of the tenants is assessed based on an extensive credit rating scorecard taking into account their current financial position and past experience of historic transactions among others.

The average credit period offered to tenants is 15 days with minor extensions being adopted by the Company for certain tenants from time to time. No interest is charged on outstanding trade receivables.

The Company's management considers the concentration of credit risk based on the different industries for which its tenants are exposed and monitors on a collective basis the trade receivables on this basis at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the real estate rental industry. In addition trade receivables are assessed on an individual basis in cases of long overdue amounts and financial difficulties faced by specific tenants.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.2 Credit risk (continued)

Trade and other receivables (continued)

The Company assesses on a collective as well as on an individual basis its exposure to credit risk as follows:

	Trade receivables from tenants and other receivables	
	2020	2019
	€	€
Individual assessment	3,258,883	488,638
Collective assessment	1,025,311	1,977,447
Total gross receivables (before provisions)	<u>4,284,194</u>	<u>2,466,085</u>

On that basis, the loss allowance as at 31 December 2020 was determined as follows for trade receivables:

	Loss allowance	
	2020	2019
	€	€
Individual assessment	1,919,888	488,638
Collective assessment	8,739	76,217
Total	<u>1,928,627</u>	<u>564,855</u>

For year 2019, loss allowances had been estimated based on a simple collective assessment approach, at a specific testing date proximate to 31 December 2019, determined based on the following loss rates:

31 December 2019	Current	Between 1 - 30 days past due	Between 31 - 60 days past due	Between 61 - 90 days past due	More than 90 days past due	Total €
	€	€	€	€	€	
Expected loss rate	0.6%	1.2%	2.5%	7.9%	16.2%	
Gross carrying amount at testing date – trade receivables	<u>1,600,767</u>	<u>945,722</u>	<u>514,319</u>	<u>132,416</u>	<u>195,558</u>	<u>3,388,782</u>
Loss allowance for the year	<u>9,648</u>	<u>11,600</u>	<u>12,931</u>	<u>10,413</u>	<u>31,625</u>	<u>76,217</u>

The closing loss allowances (under collective and individual assessments) for trade and other receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

	Trade & other receivables	
	2020	2019
	€	€
Balance at 1 January	564,855	488,638
Increase in loss allowance recognised in profit or loss during the year	<u>1,363,772</u>	<u>76,217</u>
Balance at 31 December	<u>1,928,627</u>	<u>564,855</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.2 Credit risk (continued)

Trade and other receivables (continued)

The main cause of the significant increase in loss allowance compared to the previous year is the increased credit risk due to the occurrence of COVID 19, which as explained in note 1, has negatively affected both the retail sector (and in particular the areas of business of many tenants of the Mall) and the real estate management industry. Consequently, Management of the Company adopted a dual model of impairment determination, on an individual as well as collective assessment for year 2020, to capture the impact of the financial situation affecting business operations in the most comprehensive manner possible. In the course of the current year, there have been modifications of offered credit terms and the granting of special conditional discounts, as well as a debt service agreement scheme for preferential repayment terms for 50% of the debts arising during the period of the March-June 2020 lockdown (for those businesses affected). For the individual assessment exercise, Management considered, among other, the following factors in its selection process:

- Monetary exposure (outstanding balances)
- Patterns in debt repayment, especially following the occurrence of the pandemic
- Industry - specific issues faced by certain businesses most heavily impacted by the pandemic (such as tenants at the food court of the Mall, cinemas, etc.)
- Ability of tenants to trade during disruptive periods

For individually assessed exposures, a model of primarily two scenarios (baseline and pessimistic) with appropriate weighting was applied. Baseline scenario weightings varied between 60% 90% and pessimistic scenarios between 10% to 40%. Management has assessed expected cash inflows from trade receivables under individual assessment, having considered the above facts as well as macroeconomic, forward-looking data such as GDP.

For tenant receivables under collective assessment for year 2020, a matrix approach was followed based on groupings of customers with common industry characteristics (segments). Individual loss rates by segment were applied based on days overdue. The collective assessment exercise was carried out separately for receivables under normal credit terms and for receivables relating to the period of closure due to lockdown in 2020, which are under special credit arrangements. The cumulative loss allowance at 31 December 2020, was €8.739. Information about the provision matrices applied for the 2020 collective assessment is as follows:

Tenant sector	Loss rates	
	Balances under normal credit terms	Balances under special credit terms
Technology	0,07%	12%
Clothing	0,01%	1%
Automotive	0,01%	1%
Food and beverage	0,02%	3%
Other	0,01% - 0,02%	1% - 3%

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.2 Credit risk (continued)

Trade and other receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. As of 31 December 2020, there have been no trade receivables written off as the tenants have entered into individual repayment plans with the Company.

Impairment losses on trade receivables are presented as net impairment losses within operating profit/(loss). Subsequent recoveries of amounts previously written off are credited against the same line item.

Of the trade receivables balance at the end of the year, €1.344.422 (gross of provision for impairment: €2.339.758) (2019: €1.030.535) is due from the Company's anchor tenants. These anchor tenants account for approximately 41% (2019: 46%) of the Company's annual revenue for the year ended 31 December 2020. Anchor tenants are considered those with significant duration periods on space leasing arrangements, occupying significant portions of the Company's investment property. Apart from the above, the Company does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Other financial assets at amortised cost (loans and other receivables from related parties, debt instruments at amortised cost and at FVTOCI-general expected credit loss model applied)

The Company assesses, on an individual basis, its exposure to credit risk arising from financial assets at amortised cost and debt investments carried at FVOCI. This assessment takes into account, amongst others, the period the loan receivable or other receivable balance is more than 180 days past due and history of defaults in the past, adjusted for forward looking information. The Company uses three categories for loans, receivables, other receivables, debt securities at FVOCI which reflect their credit risk and how the loss provision is determined for each of those categories.

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

-internal credit rating

-external credit rating (as far as available)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

-actual or expected significant changes in the operating results of the borrower/counterparty

-significant increases in credit risk on other financial instruments of the same borrower/counterparty

- significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements

- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower.

In determining the expected credit losses for these assets, Management of the Company have taken into account the historical default experience, the financial position of the counterparties.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.2 Credit risk (continued)

Trade and other receivables (continued)

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

Loans receivable

The Company has a current loan receivable amount of €372.458 at the reporting date, due from its parent. No provision for expected credit losses has been recognised as the assessed amount was insignificant. The loan is categorised as stage 1 since inception.

Cash and cash equivalents

Cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. In particular, the ECL on current accounts is considered to be approximate to nil, unless the bank with which deposits are held, is subject to capital controls. The ECL on deposit accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by European Central Bank.

In determining the expected credit losses for these assets, Management of the Company have taken into account the historical default experience, the financial position of the counterparties.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.2 Credit risk (continued)

Cash and cash equivalents (continued)

Financial guarantee contracts

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

At the reporting date, the Company acts as a guarantor to the bank loan of fellow subsidiary The Mall of Engomi (ME) Plc for the amount of €23,200,000. It is not expected that any loss will result from such guarantees provided by the Company, since the property of the borrower is also pledged as security. There have been no indications as of the reporting date that the borrower is likely to fail meeting up its loan instalments. Under IFRS9 a provision has been recognised in respect of the financial guarantee provided, being the estimated 12-month ECL, which takes into account the probability of default of the beneficiary entity, the loss given default and the exposure at default. Refer to note 25.

6.3 Liquidity risk

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

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

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	95,540,659	120,142,624	2,444,691	7,334,983	9,780,324	29,340,972	71,241,654
Trade and other payables (excluding deferred income)	2,644,751	2,644,751	2,644,751	-	-	-	-
Financial guarantees	23,200,000	23,200,000	23,200,000	-	-	-	-
Payables to related parties	21,776	21,776	21,776	-	-	-	-
	121,407,186	146,009,151	28,311,218	7,334,983	9,780,324	29,340,972	71,241,654

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.3 Liquidity risk (continued)

31 December 2019	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	103.049.149	132.121.456	2.358.132	7.074.398	9.432.531	37.730.124	75.526.271
Bank overdrafts	580.346	580.346	580.346	-	-	-	-
Trade and other payables (excluding deferred income)	3.271.714	3.271.714	3.271.714	-	-	-	-
Payables to related parties	149.486	149.486	149.486	-	-	-	-
Financial guarantees	23.200.000	23.200.000	23.200.000	-	-	-	-
Loan from parent company	2.649.736	2.649.736	2.649.736	-	-	-	-
	<u>132.900.431</u>	<u>161.972.738</u>	<u>32.209.414</u>	<u>7.074.398</u>	<u>9.432.531</u>	<u>37.730.124</u>	<u>75.526.271</u>

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management maintains flexibility in funding by maintaining availability under committed credit lines. The Company during 2019 has restructured its bank borrowing facilities, effectively extending the dates of final repayment (note 23).

Management monitors rolling forecasts of the Company's cash and cash equivalents (note 21) on the basis of expected cash flow. Based on their experience, management considers that the bank overdraft will continue to be renewed normally on an annual basis. The Company has such committed overdraft facility for up to €2 million and did not have any overdrawn amounts at the reporting date.

With respect to financial guarantees, as referred to note 6.2, the Company acts as guarantor for a fellow subsidiary to the amount of €23,2 million, which is the maximum contractual amount of any obligation.

As stated in Note 23, the Company was waived from the obligation to repay principal and interest instalments on its bank loans from April 2020 to December 2020; as a result of this the term (duration) of the loans has been extended for nine months from the contractual expiration/maturity. In July 2020, the Company renegotiated the bank loan facilities, resulting to further extensions of eventual repayment dates (note 23).

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Financial risk management (continued)

6.4 Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares, or sell assets to decrease its borrowings.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the statement of financial position available for benefits plus net debt.

The Company's capital is analysed as follows:

	2020	2019
	€	€
Total borrowings (Note 23)	95.540.659	106.279.231
Less: Cash and cash equivalents (Note 21)	(8.120.783)	(14.707.247)
Net debt	87.419.876	91.571.984
Total equity	89.703.678	93.306.499
Total capital	177.123.554	184.878.483
Gearing ratio	49,36%	49,53%

Fair value estimation

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Refer to note 17 for disclosure of fair value for Investment Properties carried at fair value.

7. Critical accounting estimates, judgments and assumptions

The preparation of financial statements requires the use of accounting estimates which by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

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

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

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

- **Fair value of investment property (accounting estimate)**

The fair value of investment property is determined by using valuation techniques, with input from independent real estate valuation experts, and the principles applied comply with IFRS 13, "Fair Value Measurement". The Company uses its judgment to select specific methods and make assumptions that are mainly based on market conditions existing at each reporting date. In addition to market conditions, Management assesses current economic developments and uncertainties that might influence the valuation of investment properties. Rent free periods, expected vacancy rates, the discount rates and assumed trends in rents are some important factors in such assessment.

The valuations are based on a discounted cash flow (DCF) analysis of each property. The DCF analyses are adjusted to existing lease agreements, in order to cover the full period of existing lease agreements. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing lease agreements and estimations of the rental values when the agreements expire. The investment property portfolio is typically appraised on an annual basis. However, in novel conditions, as caused by COVID-19 during year 2020, the investment property is also appraised mid-year for better monitoring of value fluctuations of the primary asset of the Company.

Management exercises judgment in evaluating the unprecedented set of circumstances caused by COVID-19, which impacted the scope of the independent valuer's work. The latter's valuation was reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This does not equate to lesser or no- reliability of the valuation which Management uses for the determination of fair value for financial reporting purposes, but rather provides further insight as to the market context under which the valuation was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, Management therefore will be revisiting the valuation of the property frequently, as needed. Refer to note 17 for details of the assumptions used and sensitivity analysis performed on key inputs to the valuation exercise.

- **Classification of lease arrangements (judgment)**

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. In that respect, management evaluates the indicators of arrangements entered into, such as potential of ownership transfer at end of lease term, options to extend and at what rentals compared to market, lease durations compared to asset useful lives, and comparison of the present value of lease payments compared to asset values, and makes the appropriate classification of the lease arrangement.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

• Impairment of financial assets

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

In year 2020, the Company applied, in addition to a provision matrix used for ECLs for trade receivables, an individual assessment process to estimate ECLs in the most representative manner possible. Management exercised judgment in initially deciding to employ individual assessment as well the standard provision matrix used since 1 January 2018, since past default rates would not be reliable due to changed economic circumstances) and future macroeconomic indicators bear significant uncertainty.

Management has also exercised judgment in the decision – making process over which customers to individually assess. as it took into account the magnitude of customer exposures, payment patterns, indicators of their financial condition and relevant industry outlook, as well as others. Scenarios with varying assigned probabilities of outcome were designed (baseline and pessimistic) to estimate ECL with sufficient reliability.

Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

8. Rights for use of space and other revenue

Disaggregation of revenue

	2020	2019 (restated)
	€	€
Rights for use of space - Minimum licence fees	11.785.596	11.565.777
Rights for use of space - Additional licence fees	35.027	277.732
Lease income from advertising space	128.282	265.838
Lease related income from tenant contributions	220.221	253.019
Lease related expenses from relocation incentives granted	(257.466)	(350.468)
Lease related expenses from discounts granted	(414.195)	-
Lease income from land lease	647.082	641.158
Total lease income	12.144.547	12.653.056
Revenue from service charge, utilities and other recoveries	3.262.830	3.675.199
Total revenue from contracts with tenants	15.407.377	16.328.255

Income from the "Rights of use of space" relates to license/lease agreements that were in effect during 2020. Income that is derived based on the financial performance of tenants is separately presented under "Additional licence fees" and is determined as a percentage of the tenants' revenue; as stipulated in their license/lease agreements.

"Lease related income from tenant contributions" refers to the amortised portion of capital expenditure incurred by the Company on behalf of, and billed to certain tenants, in transforming/enhancing the space occupied in the Mall of Cyprus with individualised features and improvements. The capital improvement is released/amortised to profit or loss over the lease terms of the applicable tenants, arriving at reported income (refer to note 26).

"Relocation incentives" refer to incentives the Company has granted to tenants, as a result of the recent expansion project in the Mall of Cyprus. The incentives are released/amortised to profit or loss over the lease terms of the applicable tenants, arriving at reported revenue (essentially treated as "discounts"). Refer to Note 20 of the financial statements for further details. Income from the leasing of land relates solely to the rental income earned by the Company from IKEA for the year.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8. Rights for use of space and other revenue (continued)

(continued)

Lease related expenses from "Discounts granted" relate to the discounts given to tenants by the Company. The discounts were given as a result of the global pandemic COVID 19 and the "strict" lockdown period in Cyprus during March-June 2020 when all malls and retail centres were closed. For the tenants to have qualified for this discount it had to comply with certain set conditions. The total amount of discount that was given during the year ended 31 December was € 1.271.285. The discounts are amortised to profit or loss over the remaining lease term of tenants' contracts from the date the discount was given in accordance with IFRS 16 (i.e. treated as a lease modification). The unamortised amount is presented as a lease receivable in the financial statements (note 20).

9. Other operating income

	2020 €	2019 (restated) €
Promotional and other income	<u>61.047</u>	<u>40.489</u>
	<u>61.047</u>	<u>40.489</u>

10. Fair value (losses)/gains on investment property

	2020 €	2019 €
Fair value (losses)/gains on investment property - including the impact of adjustment for unamortised lease incentives (note 17)	<u>(9.080.051)</u>	<u>901.133</u>
	<u>(9.080.051)</u>	<u>901.133</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

11. Administration and other operating expenses

	2020	2019
	€	€
Common expenses	422.079	439.872
Licences and taxes	79.415	69.352
Insurance	1.552	2.475
Repairs and maintenance	150.842	-
Auditor's remuneration - current year	27.000	26.500
Auditor's remuneration - prior years	3.200	-
Directors' fees	2.500	2.500
Other professional fees	296.354	167.538
Financial guarantee provision (note 25)	26.640	-
Management fees (note 28.2)	349.011	525.223
Other expenses	3.938	11.230
Bank charges	3.302	5.183
Property management, maintenance and utility costs *	3.262.830	3.675.199
Depreciation (note 16)	85.953	58.756
	<u>4.714.616</u>	<u>4.983.828</u>

* Property management, maintenance and utility costs are analysed as follows:

	2020	2019
	€	€
Building and infrastructure-related expenses	232.225	259.677
Electricity and other utility expenses	591.279	926.799
Refuse and cleaning expenses	311.717	338.873
Payroll and property management fees	656.255	684.949
Repairs and maintenance expenses	474.787	539.477
Security expenses	434.712	308.544
Marketing expense	362.975	417.003
Insurance expenses	146.327	114.495
Other sundry expenses	52.553	85.382
	<u>3.262.830</u>	<u>3.675.199</u>

The total fees charged by the Company's statutory auditor for the statutory audit of the financial statements of the Company for the period ended 31 December 2020 amounted to €27.000 (the fees for the year ended 31 December 2019 amounted to €29.700, €3.200 of which was charged during the year 2020). The total fees charged by the Company's statutory auditor for the year ended 31 December 2020 for tax advisory services and for other assurance services was €1.300 (31 December 2019: €1.300).

12. Staff costs

	2020	2019
	€	€
Salaries	361.288	373.941
Social insurance and other contributions	45.780	44.484
Provident fund contributions	3.438	3.228
	<u>410.506</u>	<u>421.653</u>
Average number of employees	<u>13</u>	<u>14</u>

The above amounts are included in "Property management, maintenance and utility costs" (refer to note 11).

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

13. Finance income/costs

	2020 €	2019 (restated) €
Finance income		
Bank interest	299.362	168.587
Interest from related parties	22.195	-
	<u>321.557</u>	<u>168.587</u>
Interest expense		
Bank borrowings	3.858.405	3.124.691
Bank overdraft interest	15.283	29.427
Provision for arbitration penalty interest (note 25)	838.179	-
Interest on loan from related company (note 23)	-	276.962
	<u>4.711.867</u>	<u>3.431.080</u>
Net finance costs	<u>4.390.310</u>	<u>3.262.493</u>

Refer to note 23 for interest capitalised on qualifying assets.

14. Income tax

	2020 €	2019 €
Corporation tax	-	575.092
Defence contribution	107.172	65.002
Deferred tax - (credit)/charge (Note 24)	(350.915)	303.464
(Credit)/charge for the year	<u>(243.743)</u>	<u>943.558</u>

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

	2020 €	2019 €
(Loss)/profit before tax	<u>(3.846.564)</u>	<u>8.323.935</u>
Tax calculated at the applicable tax rates	(480.821)	1.040.492
Tax effect of expenses not deductible for tax purposes	1.323.496	96.476
Tax effect of allowances and income not subject to tax	(652.417)	(561.876)
50% reduction in rental income - claimed as tax credit	(190.258)	-
Defence contribution	107.172	65.002
Deferred tax	(350.915)	303.464
Tax charge	<u>(243.743)</u>	<u>943.558</u>

The corporation tax rate is 12,5%.

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

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15. (Loss)/earnings per share attributable to equity holders

	2020	2019
(Loss)/profit attributable to equity holders (€)	<u>(3.602.821)</u>	<u>7.380.377</u>
Weighted average number of ordinary shares in issue during the year	<u>100.000.000</u>	<u>100.000.000</u>
(Loss) / earnings per share attributable to equity holders (cent) - basic and diluted	<u>(3,60)</u>	<u>7,38</u>

16. Property and equipment

	Artworks	Leasehold property improv.	Plant and machinery	Signs	Furniture, Computer fixtures and office equipment	Computer hardware	Total
	€	€	€	€	€	€	€
Cost							
Balance at 1 January 2019	140.490	58.500	1.189.715	341.188	580.246	52.079	2.362.218
Additions	<u>-</u>	<u>-</u>	<u>97.020</u>	<u>73.270</u>	<u>62.236</u>	<u>97.753</u>	<u>330.279</u>
Balance at 31 December 2019/ 1 January 2020	140.490	58.500	1.286.735	414.458	642.482	149.832	2.692.497
Additions	<u>-</u>	<u>-</u>	<u>59.364</u>	<u>-</u>	<u>7.091</u>	<u>5.819</u>	<u>72.274</u>
Balance at 31 December 2020	<u>140.490</u>	<u>58.500</u>	<u>1.346.099</u>	<u>414.458</u>	<u>649.573</u>	<u>155.651</u>	<u>2.764.771</u>
Depreciation							
Balance at 1 January 2019	-	58.500	1.175.044	341.188	574.567	52.079	2.201.378
Charge for the year	<u>-</u>	<u>-</u>	<u>17.323</u>	<u>6.482</u>	<u>8.981</u>	<u>25.970</u>	<u>58.756</u>
Balance at 31 December 2019/ 1 January 2020	-	58.500	1.192.367	347.670	583.548	78.049	2.260.134
Charge for the year	<u>-</u>	<u>-</u>	<u>32.873</u>	<u>13.016</u>	<u>3.910</u>	<u>36.154</u>	<u>85.953</u>
Balance at 31 December 2020	-	<u>58.500</u>	<u>1.225.240</u>	<u>360.686</u>	<u>587.458</u>	<u>114.203</u>	<u>2.346.087</u>
Net book amount							
Balance at 31 December 2020	<u>140.490</u>	<u>-</u>	<u>120.859</u>	<u>53.772</u>	<u>62.115</u>	<u>41.448</u>	<u>418.684</u>
Balance at 31 December 2019	<u>140.490</u>	<u>-</u>	<u>94.368</u>	<u>66.788</u>	<u>58.934</u>	<u>71.783</u>	<u>432.363</u>

17. Investment property

	2020	2019
	€	€
Balance at 1 January	206.370.000	195.850.000
Additions	99.502	9.096.358
Capitalisation of interest expenses	-	522.509
Adjustment to cost due to outcome of legal case (note 25)	150.549	-
Fair value adjustment based on external valuer's assessment (note 10)	<u>(8.170.051)</u>	<u>901.133</u>
Open market value per external valuation at 31 December	198.450.000	206.370.000
Adjustment for financial reporting purposes for lease incentives (note 10)	<u>(910.000)</u>	<u>-</u>
Balance at 31 December	<u>197.540.000</u>	<u>206.370.000</u>

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17. Investment property (continued)

The investment properties are valued annually at fair value, comprising open market value based on valuations by an independent, professionally qualified valuer. Fair value is based on an active market process, adjusted if necessary, for any differences in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are typically prepared annually by independent valuers and reviewed and adopted by management. Changes in fair value are recorded in profit or loss and are included in "fair value (losses)/gains on investment property". The open market value of €198.450.000 is adjusted by Management for any significant impact of lease incentives (such as relocation incentives, conditional discounts to tenants qualifying as rent concessions and any deferred income associated with future benefits accruing to the Company in relation to tenant contributions to the value of investment property) in order to avoid double-counting in the Company's assets and liabilities. The adjustment as of 31 December 2020 for the aforementioned incentives, was derived from relocation incentives and unamortised discounts granted to tenants - both classified under "other assets" (note 20) - as well as from deferred income, classified under "other liabilities" (note 26).

The Company's investment property is measured at fair value. The Company holds one class of investment property being the Shacolas Emporium Park which includes a Shopping Mall, an IKEA store, Annex 3 and Annex 4.

Valuation processes of the Company

The Company's investment properties were most recently valued by management as at 30 June 2020 and as at 31 December 2020. The investment property portfolio is typically appraised on an annual basis. However, in novel conditions, as caused by COVID-19 during year 2020, the investment property is appraised mid-year for better monitoring of value fluctuations of the primary asset of the Company.

Management exercises judgment in evaluating the unprecedented set of circumstances caused by COVID-19, which impacted the scope of the independent valuer's work. The latter's valuation was reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This does not equate to limited or no- reliability of the valuation which Management uses for the determination of fair value for financial reporting purposes, but rather provides further insight as to the market context under which the valuation was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, Management therefore will be revisiting the valuation of the property, as needed and required.

As part of the process for year-end financial reporting purposes, Management took into account the external valuation prepared as at 31 December 2020 by independent professionally qualified valuers Landtourist Valuations LLC, who possess a recognised relevant professional qualification and have recent experience in the locations and segments of the Investment properties valued. For all investment properties, their current use equates to the highest and best use. The Company's finance department reviews the valuation performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the CFO, Management, and the independent valuers at least once every year. At each financial year end the finance department:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Management has considered key assumptions and they have concluded on a fair value loss of the investment property value of €9.080.051, including the impact of adjustment for lease incentives (2019: €901.133 gain).

Bank borrowings are secured on the Company's investment property for €103.000.000 (31 December 2019: €103.000.000) (Note 23).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

17. Investment property (continued)

The following table analyses investment property carried at fair value, by valuation method. The different levels have been defined as follows:

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

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value measurement, based on the inputs to the valuation technique used at each of 31 December 2020 and 31 December 2019.

	Year 2020	Year 2019
	€	€
Fair Value hierarchy	3	3
Opening fair value	206.370.000	195.850.000
Completion of asset under construction, including capitalised interest	250.051	9.618.867
(Losses)/Gains from fair value adjustments on investment property - including the impact of adjustment for lease incentives	(9.080.051)	901.133
	<u>197.540.000</u>	<u>206.370.000</u>

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Year end 31 December 2020:

<u>Property</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Discount rate</u>	<u>Terminal</u>	<u>Revenue in year 1</u>	<u>Revenue growth</u>
	<u>€</u>	<u>technique</u>	<u>%</u>	<u>capitalisation</u>	<u>€</u>	<u>%</u>
				<u>rate</u>		
				<u>%</u>		
Cyprus	197.540.000	Income approach - Discounted cash flows	4,25 - 9,75	4,25 - 8,00	13.672.250	1,3% - 2,6%

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For the year ended 31 December 2020

17. Investment property (continued)

Year end 31 December 2019:

<u>Property</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Discount rate</u>	<u>Terminal</u>	<u>Revenue in year 1</u>	<u>Revenue growth</u>
	€	technique	%	capitalisation	€	%
				rate		
				%		
Cyprus	206.370.000	Income approach - Discounted cash flows with estimated costs to complete	4,00 - 9,50	4,00 - 7,75	13.472.195	1,3

Sensitivity of Management's estimates 31 December 2020

<u>Description</u>	<u>Change in cap rate</u>	<u>Change in discount rate</u>		
		<u>-0,50%</u>	<u>0,00%</u>	<u>0,50%</u>
Cyprus Shopping Mall	-0,50%	213.618.626	209.252.908	205.001.639
	0,00%	201.627.289	197.540.000	193.552.583
	0,50%	191.375.196	187.519.290	183.763.870
	<u>Change in revenue</u>			
Cyprus Shopping Mall	-10,00%	180.888.416	177.216.368	173.640.295
	0,00%	201.627.289	197.540.000	193.552.583
	10,00%	222.366.162	217.856.587	213.464.872

Sensitivity of Management's estimates 31 December 2019

<u>Description</u>	<u>Change in cap rate</u>	<u>Change in discount rate</u>		
		<u>-0,50%</u>	<u>0,00%</u>	<u>0,50%</u>
Cyprus Shopping Mall	-0,50%	223.804.822	219.228.437	214.772.448
	0,00%	210.645.033	206.370.000	202.209.317
	0,50%	199.477.263	195.459.896	191.547.576
	<u>Change in revenue</u>			
Cyprus Shopping Mall	-10,00%	189.138.688	185.301.053	181.564.066
	0,00%	210.645.033	206.370.000	202.209.317
	10,00%	232.151.378	227.441.209	222.854.569

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

17. Investment property (continued)

A change in the vacancy rate by 5%, i.e. the occupied spaces decreasing to 95% of the available area for tenancy, would lead to a decrease of the fair value from the base scenario by €8.088.650 (2019: €9.421.257), i.e. bringing fair value to €189.451.350 at 31 December 2020 (2019: €196.948.743).

Revenues are derived from a large number of tenants and no single tenant or group under common control contributes more than 25% of the Company's revenues.

There are no significant inter-relationships between unobservable inputs (i.e. changes in specific inputs does not imply that direct changes to other inputs would occur). Increase/decrease in the rental income per square meter results in higher/lower fair value. Increase/decrease in rental yield results in lower/higher fair value. An increase in the future rental income may be linked with higher costs. If the remaining lease term increases the yield may decrease.

Valuation techniques underlying management's estimation of fair value

The valuation was determined using discounted cash flow projections based on significant unobservable inputs. These inputs include:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;

Sensitivity analysis has been presented for discount rates, capitalisation rates and vacancy rates, which rank as the most significant on an impact basis.

For land and buildings with a total carrying amount of €197.540.000 (€198.450.000 based on appraisal report, less impact of unamortised lease incentives), the valuation was determined using discounted cash flow projections, as subsequently adjusted for financial reporting purposes. Properties valued using the discounted cash flows model take into account future rental values, vacant spaces and maintenance costs discounted to the present value using an estimated discount rate. These values are adjusted for differences in the market conditions such as demand and finance affecting market sales. The most significant input into this valuation approach is license fees and discount rates. The external valuer applies as a cross check to the DCF method, the Income Capitalisation approach, through which the maximum potential income of the properties is estimated and capitalised with the appropriate rate of return. Both the primary and the secondary methods yield similar outcomes.

As at 31 December 2019, the Company had achieved full completion of the works regarding the project for the expansion of the Mall of Cyprus by about an additional area of circa 5.500m² on the first and ground floor, the use of which is for retail, entertainment and cultural purposes in order to meet the demands of its customers/visitors and also increase the variety of offerings at the mall. With the expansion, about an additional 300 parking places were created as well.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

18. Loans receivable

	2020	2019
	€	€
Loans to parent (Note 28.5)	<u>372.458</u>	-
	372.458	-
Less current portion	<u>(372.458)</u>	-
Non-current portion	<u>-</u>	-

The loans are repayable as follows:

	2020	2019
	€	€
Within one year	<u>372.458</u>	-

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The restructuring deal that took place during 2019 between the Company, its parent (Atterbury Cyprus Limited), its fellow subsidiary (The Mall of Engomi (ME) Plc) and Bank of Cyprus Company Limited, has resulted with a loan due by the Company to Atterbury Cyprus Limited amounting as at 31 December 2019 to €2.649.736, bearing interest of 3 month Euribor plus 4,38%. No terms or conditions had been agreed for its repayment and security and thus the loan was considered to be current. During 2020, the entire outstanding loan balance was settled by the Company and an excess amount paid was regarded as a loan given by the Company to its parent, under the same terms. During the year, the applicable interest rate changed to 3 month Euribor plus 4,08% and interest income earned, of €22.195, was recognised in profit and loss in "finance income" (note 13).

19. Trade and other receivables

	2020	2019
	€	€
Trade receivables	4.005.641	2.093.809
Other receivables	278.553	372.276
Less: provision for impairment of receivables	<u>(1.928.627)</u>	<u>(564.855)</u>
Trade and other receivables - net	2.355.567	1.901.230
Receivables from related companies (Note 28.3)	<u>31.616</u>	<u>45.398</u>
	2.387.183	1.946.628

The Company has recognised a loss of €1.363.772 (2019: €76.217) for the impairment of its trade receivables during the year ended 31 December 2020. The loss has been included in "impairment charge on trade and other receivables" in profit or loss.

Other receivables primarily relate to amounts due for road construction works done in close proximity to the Mall, which the Company has a claim for from the local municipality. Such amounts are considered doubtful as the timing and extent of their recovery are not readily determinable, and are therefore provided for.

Movement in provision for impairment of receivables:

	2020	2019
	€	€
Balance at 1 January	564.855	488.638
Impairment losses recognised on receivables	<u>1.363.772</u>	<u>76.217</u>
Balance at 31 December	1.928.627	564.855

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

20. Prepayments and other assets

	2020	2019
	€	€
Prepayments	379.682	420.533
Other assets - relocation incentives granted to tenants	412.151	669.617
Other assets - unamortised discounts granted to tenants	<u>857.090</u>	-
Balance at 31 December	1.648.923	1.090.150
Less non-current portion	<u>(730.307)</u>	(640.600)
Current portion	<u>918.616</u>	<u>449.550</u>

Prepayments at 31 December 2020 include a balance of €228.450 (2019: €342.675) that relates to the capitalisation of specific expenditure during the year 2018, which is being recharged to the Company's tenants at the rate of 20% (i.e. over 5 years from the date of occurrence) on a straight line basis (such amounts are transferred from "prepayments" to "trade and other receivables" upon billing).

"Other assets - relocation incentives granted to tenants" relate to expenses incurred by the Company towards relocation incentives to existing tenants due to the recent expansion in the Mall of Cyprus (completed in 2019). Relocation incentives were provided mainly to aid tenants throughout the re-installation and refitting works in transforming newly occupied space for the tenants' specific business operations and needs. Management is of the opinion, that these relocation incentives do not increase the investment property's fair value, since (i) these contributions have mainly resulted in tenant leasehold improvements and (ii) these incentives were not essential for vacating any of the tenants in order to fulfil the expansion work plan.

"Other assets – unamortised discounts granted to tenants" relates to conditional discounts provided by the Company during the 2020 financial year to its tenants. The discounts were granted due to the recent development of the COVID 19 outbreak. Discounts were given to aid the tenants with the disruption of their normal operations, following a number of measures in force such as full lock down periods during the year. The discounts qualify as rent concessions/lease modifications under IFRS16.

Both the aforementioned relocation incentives and discounts granted to tenants, are amortised to profit and loss over the remaining duration or term of each corresponding individual license/lease agreement. During the current year, an amount of € Nil (2019: €832.585) was incurred and recognised in other assets regarding relocation incentives of which €257.468 (2019: €350.468) has been discharged to profit and loss (refer to note 8) with regards to incentives. In addition an amount of €1.271.285 (2019: €Nil) was incurred and recognised in other assets regarding discounts of which €414.195 (2019: €Nil) has been discharged to profit and loss (refer to note 8).

21. Cash at bank and in hand

Cash balances are analysed as follows:

	2020	2019
	€	€
Cash at bank and in hand	177.655	6.734
Short term bank deposits	<u>7.943.128</u>	14.700.513
	<u>8.120.783</u>	<u>14.707.247</u>

Management considers the deposits to fully meet the definitions of "cash equivalents", based on the agreed terms with Bank of Cyprus. Bank of Cyprus is the sole credit institution with which cash is held by the Company. Interest on short-term bank deposits accrues at the annual rate between 0% and 2,90%.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

21. Cash at bank and in hand (continued)

Reconciliation of liabilities arising from financing activities (refer to note 23):

	Bank loans (excluding overdrafts) €	Loans from related parties €	Total €
Balance at 1 January 2020	103.049.149	2.649.736	105.698.885
Cash flows:			
Repayment of principal	(9.877.884)	(2.473.325)	(12.351.209)
Repayment of interest	(980.249)	(176.411)	(1.156.660)
Interest expense	3.858.404	-	3.858.404
Non-cash changes:			
Fair value gains	(233.761)	-	(233.761)
Commitment and commission fees capitalised	(275.000)	-	(275.000)
Balance at 31 December 2020	95.540.659	-	95.540.659

	Bank loans (excluding overdrafts) €	Loans from related parties €	Total €
Balance at 1 January 2019	81.017.006	7.263.766	88.280.772
Cash flows:			
Proceeds from borrowings	25.828.451	1.843.351	27.671.802
Repayment of principal	(5.036.014)	(6.800.000)	(11.836.014)
Repayment of interest	(2.965.240)	-	(2.965.240)
Interest expense	3.124.691	276.961	3.401.652
Non-cash changes:			
Fair value losses	623.404	-	623.404
Capitalisation of borrowing costs	456.851	65.658	522.509
Commitment and commission fees	269.168	-	269.168
Commitment and commission fees - settled	(269.168)	-	(269.168)
Balance at 31 December 2019	103.049.149	2.649.736	105.698.885

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

22. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €0,50 each	<u>171.000.000</u>	<u>85.500.000</u>	<u>171.000.000</u>	<u>85.500.000</u>
Issued and fully paid				
Balance at 1 January	<u>100.000.000</u>	<u>50.000.000</u>	<u>100.000.000</u>	<u>50.000.000</u>
Balance at 31 December	<u>100.000.000</u>	<u>50.000.000</u>	<u>100.000.000</u>	<u>50.000.000</u>

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23. Borrowings

	2020	2019
	€	€
Balance at 1 January	106.279.231	89.385.679
Proceeds from borrowings	-	27.671.802
Repayments	(14.103.498)	(15.624.411)
Interest expense	3.873.687	3.431.080
(Gain)/loss on modification of borrowings	(233.761)	623.404
Capitalisation of eligible borrowing costs on investment property	-	522.509
Commitment and commission fees capitalised	(275.000)	269.168
Balance at 31 December	95.540.659	106.279.231
	2020	2019
	€	€
Current borrowings		
Bank overdrafts (Note 21)	-	580.346
Bank loans	6.379.464	5.450.229
Loan from parent company (Note 28.5)	-	2.649.736
	6.379.464	8.680.311
Non-current borrowings		
Bank loans	89.161.195	97.598.920
Total	95.540.659	106.279.231

On 22 July 2019, the Company together with its parent and its fellow subsidiary, entered into a revised loan agreement with Bank of Cyprus Public Company Limited. The agreement comprises four distinct facilities as shown in the table below. The agreement was modified subsequently in July 2020 as further described:

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For the year ended 31 December 2020

23. Borrowings (continued)

Facility	Commitment	Interest rate per initial loan agreement - 22 July 2019	Interest rate per amendment agreement - 27 July 2020	Maturity per initial loan agreement - 22 July 2019	Maturity per revised loan agreement - 27 July 2020
Facility A	€20.000.000	3m Euribor + 4,00%	3m Euribor + 3,40%	15/06/2026	15/06/2027
Facility B	€90.000.000	3m Euribor + 3,71%	3m Euribor + 3,40%	15/05/2032	16/10/2033
Facility C	€18.900.000	3m Euribor + 3,65%	3m Euribor + 3,40%	30/05/2030	15/05/2031
Ancillary Facility	€3.000.000	3m Euribor + 4,20%	3m Euribor + 4,20%	N/A	N/A

The ancillary facility represents the aggregated amount of overdrafts of the Company and its fellow subsidiary, amounted to €2.000.000 and €1.000.000 respectively.

The bank has imposed the following covenants, in respect of the Group (defined as the Company, its parent and fellow subsidiary) on the agreement:

- Debt Service Cover Ratio: no less than or equal to 1.1 times
- Debt to Equity Ratio: shall not exceed 1.4 times
- Loan to Value Ratio: shall not exceed 60%

The proceeds raised from Facility B was used to refinance various existing facilities. The settlement was treated as a modification to the existing facilities at the time of settlement, instead of recognition of new loans. As a result of the modification, a loss amounting to €623.404 was recognised in finance costs (note 13) for the year ended 31 December 2019. In arriving at the modification loss, the Company considered the requirements of IFRS 9, and deduced that since the terms and conditions of the restructuring did not breach the 10% threshold difference between the present value of loan instalments under the renewed terms, versus the carrying amount of the facilities before restructuring, there was no cause for derecognition.

On 10 October 2019, the Bank of Cyprus Public Company Limited syndicated a portion of Facility B (a principal amount of €27 million) to Eurobank Cyprus Ltd, as permitted by the agreement, on the same terms and conditions as set out in the facility agreement.

As stated in Note 1, the Company thereafter reached an agreement with the Bank of Cyprus Public Company Ltd in terms of which no interest or principal loan instalments will be due for a period of nine months from April 2020 to December 2020. As part of this agreement the maturity date of the loans has been extended for a period of between 12 and 17 months from the contractual expiration/maturity of the loans (refer to table column with revised maturity dates as from 27 July 2020). The banks have also indicated certain relaxations in the enforceability of loan covenants during the above mentioned period. As a result of the latest modifications in loan terms, the Company recognised gains of €233.761.

The bank loans are secured as follows:

- a) Atterbury Cyprus Limited guaranteed the loans of the Company for the amount of €134.400.000.
- b) The Mall of Engomi (ME) Plc guaranteed the loans of the Company for the amount of €134.400.000.
- c) By floating charge of €86.000.000 on the assets of the Mall of Cyprus (MC) Plc.
- d) By the assignment of €86.000.000 from the rights of use of space in the Shacolas Emporium Park.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23. Borrowings (continued)

Maturity of non-current borrowings:

	2020	2019
	€	€
Between one to two years	6.600.428	5.656.510
Between two and five years	21.200.712	24.849.533
After five years	61.360.055	67.092.877
	<u>89.161.195</u>	<u>97.598.920</u>

The weighted average effective interest rates at the reporting date were as follows:

	2020	2019
	%	%
Bank loans	3,63	3,86%
Loan from parent company	-	4,38%

The carrying amount of borrowings approximate their fair value.

24. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 14). The applicable corporation tax rate in the case of tax losses is 12,5% (there are no tax losses available for offset at 31 December 2020 and 2019 respectively).

Deferred tax liability

	2020	2019
	€	€
Balance at 1 January	18.705.794	18.402.330
Movement in profit or loss due to:		
Fair value gains on investment property	(979.157)	(21.186)
Difference between depreciation and wear & tear allowances	521.107	324.650
Accelerated tax benefit - discounts granted to tenants	107.135	-
Balance at 31 December	<u>18.354.879</u>	<u>18.705.794</u>

Deferred taxation liability arises as follows:

	2020	2019
	€	€
Accelerated tax depreciation - discounts granted to tenants	107.135	-
Fair value gains on investment property	11.500.222	12.479.379
Difference between depreciation and wear & tear allowances	6.747.522	6.226.415
	<u>18.354.879</u>	<u>18.705.794</u>

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

24. Deferred tax (continued)

The Company recognises deferred tax attributed to the following:

- Differences between wear & tear allowances and depreciation: The Company recognises deferred tax liabilities at each reporting period end between the assessed disposal value of eligible assets used in the business (property and equipment and buildings under investment property) and their tax written down values, taking into account the result of balancing additions that would arise for income tax purposes. The applicable rate is 12.5%.
- Differences on revaluation of investment property: Land and Buildings classified as investment property, upon disposal would be taxed under the capital gains regime, at the rate of 20%.
- Differences due to discounts to tenants: Deferred tax liability arises based on the full claim during year 2020 of the corporation tax effect for the entire discounts granted to tenants. The amortisation of the capitalised amounts with respect to such discounts will be over the remaining duration of each corresponding lease agreement (Note 20), will be ignored in arriving at future taxable profits, as such a timing difference arises.

25. Provisions for other liabilities and charges

	Financial guarantee contracts €	Legal claims €	Total €
Balance at 1 January 2019	-	1.500.000	1.500.000
Balance at 31 December 2019/ 1 January 2020	-	1.500.000	1.500.000
Adjustment to cost of investment property (note 17)	-	150.549	150.549
Charged to profit or loss (note 11, note 13)	26.640	952.051	978.691
Balance at 31 December 2020	26.640	2.602.600	2.629.240

Provisions for other liabilities-legal claims:

This represents Management's best estimate of obligations that may arise from the crystallisation of claims, including legal actions made against it, by the primary constructor of the Mall of Cyprus. On 31 August 2020, an arbitration ruling was issued, based on which the counterparty was awarded €1.650.549 plus delayed payment interest, with the total amount burdening the Company as of the date of the decision, including interest (up to 31 December 2020) as well as associated arbitration fees, amounting to €2.602.600. Management has therefore revised the amount previously provided for, with (i) associated charges included in profit or loss under administration and other operating expenses (note 11) for arbitration fees (included in other professional fees and amounting to €113.872), (ii) associated penalty interest included in finance costs and amounting to €838.179 (note 13) and (iii) by adjusting prospectively the historical cost of investment property (note 17), being the additional value of works that the Company disputed and for which it had already provided for €1.500.000.

The former owner of the Company contractually indemnified Atterbury Cyprus Limited at the time of becoming a shareholder of the Company, of any losses that might crystallise in connection with the above deliberations. The Company plans to contest the arbitration ruling at a Court of Law, with initial hearings set for April/May 2021.

Provision on financial guarantee contracts:

This relates to the Company's estimated provisions in respect of the financial guarantees provided for bank loans of its parent and fellow subsidiary. The above estimate is the 12 month ECL, taking into account the probability of default of the guaranteed parties, the exposure at default and the loss given default. The Company acts as joint guarantor for bank loans of its parent and fellow subsidiary, with the amount of the guarantees at €23.200.000.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

26. Trade and other payables

	2020	2019
	€	€
Trade payables	609.041	611.237
Retentions for construction work on investment property	164.839	690.483
Cash guarantee	124.470	73.532
VAT and other payables	831.842	758.221
Accruals	420.293	64.833
Deposit by tenants	1.870.871	1.970.410
Deferred income	357.433	577.652
Payables to related companies (Note 28.4)	21.776	149.486
	4.400.565	4.895.854
Less non-current payables	(2.008.133)	(2.337.268)
Current portion	2.392.432	2.558.586

"Deposits by tenants" relate to security deposits made by tenants upon the inception of their license/lease agreements. These security deposits will be refunded by the Company to the tenants upon the termination of their lease terms, if all set requirements are met. The Company accounts for these security deposits as a financial liability at amortised cost. Where some license/lease agreements do not stipulate any interest accruing to the tenants' security deposits, the Company applies a market related effective interest rate to account for the finance income and expense element, if evaluated as significant.

"Deferred income" relates to capital expenditure incurred by the Company on behalf of certain tenants, in transforming/enhancing the space occupied in the Mall of Cyprus with individualised features and improvements, and which have resulted in enhancements in the fair value of the investment property. For the Company to recognise any deferred income, enhancements should be contractually provisioned to remain within the Company's ownership. Hence the tenant not occupying any claims for any contributions made. Amounts recognised in profit or loss under "Revenue", are based on the duration of each individual corresponding license/lease contract (note 8).

"Retentions for construction works on investment property" concern amounts payable to the primary suppliers of construction services for the recent expansion project of the Mall of Cyprus, which are temporarily withheld on the basis of a predetermined period after conclusion of the works.

The fair values of trade and other payables (excluding accruals and deferred income) due within one year approximate to their carrying amounts as presented above.

27. Refundable taxes

	2020	2019
	€	€
Corporation tax	(140.990)	(140.990)
	(140.990)	(140.990)

28. Main shareholders and related party transactions

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Company is controlled by Atterbury Cyprus Limited, incorporated in Cyprus, which owns 99,67% of the Company's shares at the reporting date and at the date of approval of these financial statements.

Atterbury Cyprus Limited is controlled by Atterbury Europe B.V., incorporated in The Netherlands, which owns 97,50% of the former.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

28. Main shareholders and related party transactions (continued)

The main shareholders of the Company as at 31 December 2020 are (i) Brightbridge Real Estate Limited (Cyprus) through its indirect 36,56% shareholding in Atterbury Cyprus Limited (the parent company), (ii) RMB Holdings Limited (South Africa) through its indirect 36,56% shareholding in Atterbury Cyprus Limited and (iii) Business Venture Investments No 1360 (Pty) Ltd (South Africa) through its indirect 24,38% shareholding in Atterbury Cyprus Limited.

The ultimate parent entity which prepares the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary undertaking, is Atterbury Europe Holding B.V., incorporated in Netherlands. Its consolidated financial statements are available at the following address: 9 Schuttersveld 2316XG Leiden, The Netherlands.

Atterbury Cyprus Limited, incorporated in Cyprus with registered office at Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Cyprus, is the parent entity which prepares the consolidated financial statement of the smallest body of undertakings of which the Company forms part as a subsidiary undertaking.

The following transactions were carried out with related parties (refer also to notes 18, 21 and 23 for further information on borrowings with related parties):

28.1 Directors' remuneration

The remuneration of Directors was as follows:

	2020	2019
	€	€
Directors' fees	<u>2.500</u>	<u>2.500</u>
	<u>2.500</u>	<u>2.500</u>

28.2 Purchases of services / finance charges

		2020	2019
	<u>Nature of transactions</u>	€	€
Fliptype Holdings Limited - direct shareholder	Management fee charges	184.419	276.226
Atterbury Cyprus Limited - direct shareholder	Corporate service charges	73.198	73.198
Atterbury Europe Services B.V.	Management and commission fee charges	553.252	1.084.425
Brightbridge Real Estate Limited - indirect shareholder	Management fee charges	-	58.500
The Mall of Engomi (ME) Plc - fellow subsidiary	Interest on loan	-	60.784
Atterbury Europe B.V. - indirect shareholder	Interest on loan	-	65.658
Atterbury Cyprus Limited - direct shareholder	Interest on loan	<u>22.195</u>	<u>216.177</u>
		<u>833.064</u>	<u>1.834.968</u>

Management fees, commissions, and corporate service charges are recognised in "Administration and other operating expenses". An agreed portion of these fees is rechargeable to tenants as an agreed property management fee and classified under "service charges, common use expenses and property management fees".

28.3 Receivables from related parties (Note 19)

	2020	2019
<u>Name</u>	€	€
The Mall of Engomi (ME) Plc	<u>31.616</u>	<u>45.398</u>
	<u>31.616</u>	<u>45.398</u>

The current account balance with the fellow subsidiary does not bear any interest and has no specified repayment terms.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

28. Main shareholders and related party transactions (continued)

28.4 Payables to related parties (Note 26)

Name	2020 €	2019 €
Atterbury Cyprus Limited	21.776	21.776
Atterbury Europe Services B.V.	-	127.710
	<u>21.776</u>	<u>149.486</u>

The current account balances with related parties do not bear any interest and have no specified repayment terms.

28.5 Loans (to)/from related undertakings (Note 23)

	2020 €	2019 €
Atterbury Cyprus Limited	(372.458)	2.649.734
	<u>(372.458)</u>	<u>2.649.734</u>

The loan from immediate parent Atterbury Cyprus Limited was provided with interest of 3 month Euribor plus 4,38%, and there was no specified repayment date. The loan granted by the Company to Atterbury Cyprus Limited carried interest initially at 3 month Euribor plus 4,38%, subsequently with an amended margin of 4,08%.

28.6 Guarantees

The following guarantees were provided to the Company by its parent Company and other related entities as security for its borrowings:

- a) Atterbury Cyprus Limited guaranteed the loans of the Company for the amount of €134.400.000.
- b) The Mall of Engomi (ME) Plc guaranteed the loans of the Company for the amount of €134.400.000.

In addition, the Company acts as a guarantor to the bank loan of fellow subsidiary The Mall of Engomi (ME) Plc for the amount of €23.200.000.

29. Contingent liabilities

The Company does not have any contingent liabilities at 31 December 2020 and 31 December 2019.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

30. Commitments

License fee/Operating lease commitments - where the Company is the lessor

License fee

The Company's license fee/operating lease income is derived from income from rights for use of space.

Rental income on land assets

The Company entered into an agreement to lease out part of the land owned by it. The lessee constructed on this land a retail outlet (IKEA). The lease term signed is for a period of 14 years and 10 months. At the end of the lease period the lessee has the right to extend the lease term for another 14 years and 10 months and at the end of the first extension the lessee has the right for a second extension of 14 years and 10 months.

The Company leases out its investment property. The future minimum lease payments under non-cancellable leases are as follows:

	2020	2019
	€	€
Within one year	11.103.542	11.537.559
Between one and five years	19.055.774	27.688.515
After five years	<u>6.231.932</u>	<u>3.000.498</u>
	<u>36.391.248</u>	<u>42.226.572</u>

A detailed maturity analysis of operating lease payments for year 2020 and 2019, is provided below:

	As at 31/12/2020	As at 31/12/2019
	€	€
Year 1	11.103.542	11.537.559
Year 2	7.225.423	11.648.518
Year 3	5.250.400	7.460.644
Year 4	4.020.023	5.184.350
Year 5	2.559.928	3.395.003
Year 6 onwards	<u>6.231.932</u>	<u>3.000.498</u>
Total	<u>36.391.248</u>	<u>42.226.572</u>

Operating leases, in which the Company is the lessor, relate to investment property owned by the Company with varying duration lease terms. Where applicable, operating lease contracts contain market review clauses in the event that the lessee is given an option to renew. Lessees do not have an option to purchase the property at the expiry of the lease period.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

30. Commitments (continued)

The Company is exposed to changes in the residual value of investment property at the end of current lease agreements. The residual value risk born by the Company is mitigated by active management of its property with the objective of optimising and improving tenant mix in order to:

- achieve the longest weighted average lease term possible;
- minimise vacancy rates across all properties; and
- minimise the turnover of tenants of high credit rating and business prospects.

The Company also grants lease incentives to encourage key tenants to remain in the Mall for longer lease terms. In the case of anchor tenants, this also attracts other tenants to the property thereby contributing to overall occupancy levels. Lease agreements generally include a clause requiring the tenant to reinstate the leased space to its original state when the lease expires the tenant decides not to renew the lease agreement. This contributes to the maintenance of the property and allows for the space to be re-let on a timely basis, once a tenant has departed.

In addition, the Company has a regular capitalised expenditure plan thoroughly considered by the Asset Management function of the Atterbury Group, to keep properties in line with market standards and trends.

31. Events after the reporting period

Depending on the duration of COVID-19 pandemic and trading restrictions in Cyprus (aligned with the government's regulations) the Company would be further negatively impacted on an operational level which will result in a further decrease in financial results in revenue and could result in additional impairments / fair value losses on its assets for the FY 2021. The exact impact on the Company's operational activities and financial impact for 2021 is uncertain and cannot be predicted at this point in time. At the date of signing the Company's financial statements it is however certain that the Company will be able to cover its short term debt and responsibilities.

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

Independent auditor's report on pages 8 to 11