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Annual Financial Report
The Mall of Engomi (ME) Plc
WOOC

Annual financial report

Please find attached the below Announcement.

Attachment:

1. **Announcement**

Non Regulated

Publication Date: 28/04/2021

THE MALL OF ENGOMI (ME) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2020

THE MALL OF ENGOMI (ME) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2020

CONTENTS

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:	Elias Neocleous & Co 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:	HE75033

MANAGEMENT REPORT

The Board of Directors of The Mall of Engomi (ME) 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 shopping Mall "The Mall of Engomi", 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 €2.509.752 compared to €3.884.663 (restated) for the year ended 31 December 2019. The operating loss of the Company for the year was €8.652.186 (year ended 31 December 2019: profit of €3.640.392).

The loss after tax of the Company for the year ended 31 December 2020 amounted to €6.535.684 (2019: profit after tax €2.641.414).

On 31 December 2020 the total assets of the Company were €41.033.524 (2019: €44.649.147) and its net assets were €16.694.831 (2019: €23.230.515). 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 the 2020 financial year, 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 a weakening in financial position would have been inevitable.

During 2020, the Company initiated a comprehensive redevelopment plan, aiming at the Mall of Engomi to be upgraded so as to meet changing market needs and challenges. The said process is currently at its final stage and is expected to be fully completed within year 2021. The redevelopment plan aims at:

- offering a wider range of products and services to the target market of the Company
- providing a fresh updated look and shopping experience to an already long-established commercial centre
- positively reacting to competition that has entered the catchment area of the Mall, and,
- successfully responding to the fact that an anchor fashion tenant of the Mall terminated their lease with the Company, from April 2020.

The scale of the redevelopment plan budget has been estimated at €13,5 million.

Funding arrangements have been made with existing financiers of the Company, which led to the restructure of the overall finance for the Mall of Cyprus (fellow subsidiary) and the Mall of Engomi (including the moratorium on payments due to COVID-19 as announced by the Government), resulting in a new facility that is considered sufficient in terms of cash availability to fund the full amount required for the re-development. The Company has also obtained a bridging loan from within the wider Atterbury Group to ensure sufficiency of funding available under the circumstances, which has been repaid in the year 2021 from new bank funding obtained.

Despite the difficult situation that the Company’s specific sector was faced with due to COVID-19, Management has carried out the implementation of the re-development plan, since it believes that the latter will maximise the future performance potential of the Company’s operations, and will lead to a most effective utilisation of its asset base.

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 in the operations, financial position and performance of the Company in the foreseeable future. The redevelopment plan mentioned above, is currently at the final stage, and future developments for the Company are reliant on the success of its new strategy.

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 co-operation 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 mainly arises from long term bank borrowings, short-term loans payable to group companies as well as from loans receivable due from related entities. Borrowings issued to, and loans granted by the Company at variable rates, expose it 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 €22.966.625. 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.

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 receivables amounting to €163.236, loans receivable from related parties amounting to €3.887.690 and bank balances amounting to €1.690.380. 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 €21.276.171 (2019: €16.968.909) and total equity of €16.694.831 (2019: €23.230.515) leading to a gearing ratio of 56,03% (2019: 42,21%).

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.

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 is 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

• 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, containment of operational costs, as well as securing long term funding from banks and the wider Atterbury Group so as to implement the redevelopment of the Mall of Engomi, 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 26 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 29 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	99,50	99,50
Indirect shareholders (through their indirect holdings in Atterbury Cyprus Limited):		
RMH Property Holdco 2 (Pty) Ltd (South Africa)	36,38	36,38
Business Venture Investments No 1360 (Pty) Ltd (South Africa)	24,25	24,25
Brightbridge Real Estate Limited	36,38	36,38

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

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 Engomi (ME) 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 59:

(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 α description of the main risks and uncertainties faces.

Members of the Board of Directors:

Martin Olivier - Director ....

George Mouskides - Director ....

Takis Christodoulou - Director ....

John George Mavrokordatos - Director ....

Responsible for drafting the financial statements

Antonia Constantinou (Financial Controller) ....

Nicosia, 27 April 2021

Deloitte.

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Independent Auditor's Report

To the Members of The Mall of Engomi (ME) Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Mall of Engomi (ME) Plc (the "Company"), which are presented in pages 12 to 59 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.

Deloitte.

Independent Auditor's Report (continued)

To the Members of The Mall of Engomi (ME) Plc

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Valuation of investment property The investment property is reported on the statement of financial position at a revalued amount of €33.820.000 which represents approximately 82% 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 16 "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.

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.

Deloitte.

Independent Auditor's Report (continued)

To the Members of The Mall of Engomi (ME) Plc

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.
- 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.

Deloitte.

Independent Auditor's Report (continued)

To the Members of The Mall of Engomi (ME) Plc

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

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

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 €	2019 (restated) €
Rights for use of space and other revenue	8	**2.509.752**	3.884.663
Other operating income	9	**27.999**	16.408
Fair value (losses)/gains on investment property	10	**(10.386.288)**	525.000
Administration and other operating expenses	11	**(803.649)**	(785.679)
Operating (loss)/profit		**(8.652.186)**	3.640.392
Finance income	12	**156.948**	144.909
Finance costs	12	**(673.222)**	(737.687)
Other gains	22	**27.174**	-
(Loss)/profit before tax		**(9.141.286)**	3.047.614
Income tax	13	**2.605.602**	(406.200)
(Loss)/profit for the year		**(6.535.684)**	2.641.414
Other comprehensive income		**-**	-
Total comprehensive (loss)/ income for the year		**(6.535.684)**	2.641.414
(Loss)/ earnings per share attributable to equity holders (cent)	14	**(65,36)**	26,41

THE MALL OF ENGOMI (ME) PLC

STATEMENT OF FINANCIAL POSITION
31 December 2020

	Note	2020 €	2019 €
ASSETS			
Non-current assets			
Property and equipment	15	**323**	1.444
Investment property	16	**33.820.000**	39.800.000
Other assets	19	**120.000**	-
		33.940.323	39.801.444
Current assets			
Trade and other receivables	18	**1.485.057**	382.947
Loans receivable	17	**3.887.690**	3.807.035
Other assets	19	**30.000**	-
Cash at bank and in hand	20	**1.690.454**	657.721
		7.093.201	4.847.703
TOTAL ASSETS		**41.033.524**	44.649.147
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**1.000.000**	1.000.000
Capital reserve		**212.687**	212.687
Retained earnings		**15.482.144**	22.017.828
Total equity		**16.694.831**	23.230.515
Non-current liabilities			
Borrowings	22	**16.360.249**	16.333.446
Trade and other payables	24	**545.346**	714.469
Deferred tax liabilities	23	**15.053**	2.637.712
		16.920.648	19.685.627
Current liabilities			
Trade and other payables	24	**657.981**	405.926
Other financial liabilities	24	**149.255**	-
Borrowings	22	**6.606.376**	1.293.184
Current tax liabilities	25	**4.433**	33.895
		7.418.045	1.733.005
Total liabilities		**24.338.693**	21.418.632
TOTAL EQUITY AND LIABILITIES		**41.033.524**	44.649.147

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

....
John George Mavrokordatos
Director

....
George Mouskides
Director

The notes on pages 16 to 59 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital €	Capital reserve €	Retained earnings €	Total €
Balance at 1 January 2019	**1.000.000**	**212.687**	**19.376.414**	**20.589.101**
Comprehensive income				
Net profit for the year	-	-	2.641.414	2.641.414
Balance at 31 December 2019/ 1 January 2020	**1.000.000**	**212.687**	**22.017.828**	**23.230.515**
Comprehensive income				
Net loss for the year	-	-	(6.535.684)	(6.535.684)
Balance at 31 December 2020	**1.000.000**	**212.687**	**15.482.144**	**16.694.831**

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.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	2020 €	2019 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(9.141.286)**	3.047.614
Adjustments for:			
Depreciation of property and equipment	15	**1.121**	3.946
Fair value losses/(gains) on investment property	16	**10.386.288**	(525.000)
Provision on financial guarantee contracts	24	**149.255**	-
Interest income	12	**(156.948)**	(144.909)
Finance costs	12	**673.222**	737.687
		1.911.652	3.119.338
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(1.203.001)**	150.353
Increase in trade and other payables		**82.932**	55.613
Cash generated from operations		**791.583**	3.325.304
Tax paid		**(46.519)**	(214.949)
Net cash generated from operating activities		**745.064**	3.110.355
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of construction and purchase of investment property (excluding capitalised interest paid)	16	**(4.322.678)**	-
Loans granted to related parties	17	**-**	(1.799.797)
Net cash used in investing activities		**(4.322.678)**	(1.799.797)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of bank borrowings	22	**(339.667)**	(1.294.475)
Payment of loan arrangement fees	22	**(196.599)**	-
Proceeds from loans from related companies	22	**5.295.947**	-
Interest paid (including capitalised interest paid)	22	**(149.334)**	(661.671)
Net cash generated from/(used in) financing activities		**4.610.347**	(1.956.146)
Net increase/(decrease) in cash and cash equivalents		**1.032.733**	(645.588)
Cash and cash equivalents at beginning of the year	20	**657.721**	1.303.309
Cash and cash equivalents at end of the year	20	**1.690.454**	657.721

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Incorporation and principal activities

Country of incorporation

The Mall of Engomi (ME) Plc (the ''Company'') was incorporated in Cyprus on 8 November 1995 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 10 July 2015, and since then, 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 shopping Mall "The Mall of Engomi", for retail/commercial purposes.

During 2020, the Company initiated a comprehensive redevelopment plan, aiming at the Mall of Engomi to be upgraded so as to meet changing market needs and challenges. The said process is currently at a final stage of redevelopment and is expected to be completed within year 2021. The redevelopment plan aims at:

- offering a wider range of products and services to the target market of the Company
- providing a fresh updated look and shopping experience to an already long-established commercial centre
- positively reacting to competition that has entered the catchment area of the Mall, and,
- successfully responding to the fact that an anchor fashion tenant of the Mall terminated their lease with the Company, from April 2020.

Funding arrangements have been made with existing financiers of the Company, which led to the restructure of the overall finance for the Mall of Cyprus and Mall of Engomi (including the moratorium on payments due to COVID-19 as announced by the Government). The Company has also obtained a bridging loan from within the wider Atterbury Group to ensure sufficiency of funding available under the circumstances, which has been repaid in the year 2021 from new bank funding obtained.

Despite the difficult situation that the Company’s specific sector was faced with due to COVID-19, Management has carried out the implementation of the re-development plan, since it believes that the latter will maximise the performance potential of the Company’s operations, and will lead to a most effective utilisation of its asset base.

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.

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 phases as follows:

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 Engomi 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 Mall;

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 Engomi 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 certain tenants 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.

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 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

• 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 22 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),

- containment of operational costs

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 (excluding short-term loan obligations to related entities) 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. Furthermore, the Company's parent, representing Atterbury Group, has provided a letter of financial support to enable the Company to meet its obligations for a period of twelve months from the date of signing of these financial statements.

- 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 Cyprus (MC) 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 22.

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.

The Company has also secured additional funding in the form of a bridging loan from a related entity until the year 2021 which was repaid in full since a further bank loan disbursement was received.

- 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.

Up to the date of signing of these financial statements, the Company has entered into several agreements with tenants (including a considerable number of new tenants) as a consequence of the redevelopment plan, covering substantially the entire available area for leasing.

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 (refer to note 1).

3. Adoption of new or revised standards and interpretations

During the current period 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.

• 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.

3. Adoption of new or revised standards and interpretations (continued)
• Amendments 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.
• 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. Lessors are not impacted by these amendments and rental concessions or changes will be treated as a lease modification.

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.

4. Significant accounting policies (continued)

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.

Revenue

Recognition and measurement

Revenue includes (i) lease income from rights for use of space and (ii) 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.

In addition, due to the recent development of the COVID-19 outbreak, the Company may provide conditional discounts to its tenants. The discounts are granted to aid the tenants with the disruption of their normal operations, following a number of measures in force such as full lock down periods. The discounts qualify as rent concessions/lease modifications under IFRS16. Such discounts are initially recognised in the statement of financial position as other asset and are subsequently debited 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.

4. Significant accounting policies (continued)

Revenue recognition (continued)

- **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.

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.

4. Significant accounting policies (continued)

Tax (continued)

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 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 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:

	%
Signs	15
Plant and Machinery	20
Computer Hardware	33

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.

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 (rights of use of space)

<u>The Company as lessor</u>

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 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 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.

4. Significant accounting policies (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 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.

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.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

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.

4. Significant accounting policies (continued)

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

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. Cash and cash equivalents are carried at AC 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. These 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.

Interest income

Interest income from financial assets at FVTPL is included in the other gains/(losses) - net on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the income statement as "finance income". Interest is calculated by applying effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets - Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for Stage 1 and Stage 2 - gross amount of financial assets.

4. Significant accounting policies (continued)

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.

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 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.

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.

4. Significant accounting policies (continued)

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 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.

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.

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.

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.

4. Significant accounting policies (continued)

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 12). Previously, such amounts had been classified under ''other operating income'' (note 9). This adjustment concerns error in presentation of prior year.

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 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))	3.841.948	42.715	**3.884.663**
Other operating income - (note 9) (note (a) and (b))	204.032	(187.624)	**16.408**
Finance income - (note 12) (note (b))	-	144.909	**144.909**

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 begging 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.

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.

5. New accounting pronouncements (continued)

(continued)

- 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 begging 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.

- *Annual improvements to IFRS Standards 2018 2020 Cycle (Effective for annual periods begging 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.

5. New accounting pronouncements (continued)

(continued)

- *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 begging 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.

- *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 noncurrent 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.

5. New accounting pronouncements (continued)

(continued)

- *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.

- *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.

5. New accounting pronouncements (continued)

(continued)

- *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, 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.

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	**5.578.144**	4.464.756
Financial liabilities - loans payable	**(22.966.594)**	(17.626.630)
	(17.388.450)	(13.161.874)

Sensitivity analysis

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	**173.885**	131.619
	173.885	131.619

6. Financial risk management (continued)

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.

(i) Risk management

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.

(ii) Impairment of financial assets

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
- other receivables (classified in 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 receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 90 days past due on its contractual payments.

The Company, for collective assessment purposes, applied the following approach for year 2020:

• The expected loss rates were determined based on the payment profiles of sales over a period of 24 months before 31 December 2020 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period.

• The result of the exercise was assessed and compared to the cumulative expected credit loss at the end of the previous reporting period.

Given the fact that the historical loss rates applicable to 31 December 2020, led to a cumulative ECL reserve amount lower than the corresponding balance as of 31 December 2019, Management proceeded with a post-model adjustment to maintain the 2019 ECL reserve without any reversal in current year profit or loss. This is justifiable, on the basis of the uncertainties over future developments that might have an impact on recoverability of receivables. Management considers this approach as one that provides a comparable result to adjusting historical loss rates for (negative) forward- looking expectations.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

31 December 2020	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	0,9%	2,0%	5,4%	9,6%	14,7%	
Gross carrying amount at testing date – trade receivables	153.733	-	874	7.387	22.329	**184.323**
Loss allowance before post-model adjustment	**1.324**	**-**	**47**	**707**	**3.275**	**5.353**

31 December 2019	Current €	More than 30 days past due €	More than 60 days past due €	More than 90 days past due €	More than 120 days past due €	**Total €**
Expected loss rate	0,9%	2,0%	5,4%	9,6%	14,7%	
Gross carrying amount at testing date – trade receivables	383.219	186.073	144.185	161.445	68.233	**943.155**
Loss allowance	3.300	3.798	7.778	15.456	10.009	40.341

The closing loss allowances (under collective assessment) for trade receivables - which are considered Stage 1 assets under IFRS 9 - as at 31 December 2020 reconcile to the opening loss allowances as follows:

	Trade receivables €
Opening loss allowance as at 1 January 2020	40.341
Movement based on collective assessment exercise	(34.988)
Post-model adjustment	34.988
Balance at 31 December 2020	**40.341**

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.

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.

The cumulative loss allowance as at year end under the matrix approach would be €5.353, however, Management has maintained the loss allowance of €40.341 at the same levels as of 31 December 2019, on the grounds of prudence, due to COVID-19.

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)*

Other financial assets at amortised cost include "other receivables" and "loans receivable due from related parties".

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Loans to related parties, receivables from related parties, other receivables and debt instruments at amortised cost and FVOCI - general expected credit loss model applied

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.

The Company uses three categories for loans, other receivables, debt securities at FVOCI which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies, such as Standard and Poor, Moody's and Fitch.

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

Interest bearing loans are provided to related parties. The Company does not require the related parties to pledge collateral as security against the loans.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Over the term of the loans, receivables and other receivables, and debt securities the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of counterparties, and adjusts for forward looking macroeconomic data.

No significant changes to estimation techniques or assumptions were made during the reporting period.

Loans to related parties

Company internal credit rating	Gross carrying amount	(Loss allowance)	Carrying amount (net of impairment provision)
	€	€	€
Performing	3.887.690	-	3.887.690
Total loans to related parties	**3.887.690**	**-**	**3.887.690**

Loans to related parties represent receivables due from the parent entity, Atterbury Cyprus Limited. Management has considered the following factors in assessing the need for any impairment on the loan, granted in year 2020:

• Atterbury Cyprus Limited is in net equity position with no external debt obligations.
• There was no breach of any terms of the loan arrangements and no renegotiation/modification of such terms.
• The loans are considered of low credit risk since the counterparty has a strong capacity to meet contractual cash flow obligations due to the value of its financial investments.
• There was no significant increase in credit risk since initial recognition of these loans.

On the basis of the assessment made, management has concluded that there is no need for recognition of any expected credit losses, which was determined as immaterial.

The loan is considered a Stage 1 exposure under IFRS 9.

Trade receivables

Trade receivables are subject to the impairment requirements of IFRS 9, and as explained above Management has decided to maintain an ECL reserve without reversing any previously recognised amounts.

Other receivables

Other receivables are subject to the impairment requirements of IFRS 9, any impairment loss was insignificant in 2020.

No significant changes to estimation techniques or assumptions were made during the reporting period.

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.

As of 31 December 2020, the Company has the majority of its cash deposited with a single financial institution with an external credit rating of Caa1 (Moody's). Company deposits are short term and allocated to Stage 1 exposures.

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6. Financial risk management (continued)

6.2 Credit risk (continued)

(iii) 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 joint guarantor (together with the parent entity, Atterbury Cyprus Limited) to the bank loan of fellow subsidiary The Mall of Cyprus (MC) Plc for the amount of €134.400.000. 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 24.

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	17.643.371	21.723.667	479.949	1.439.847	1.919.796	5.759.388	12.124.687
Trade and other payables	423.429	423.429	423.429	-	-	-	-
Payables to related parties	53.393	53.393	53.393	-	-	-	-
Financial guarantees	134.400.000	134.400.000	134.400.000	-	-	-	-
Loans from related companies	5.323.254	5.504.213	-	5.504.213	-	-	-
	157.843.447	**162.104.702**	**135.356.771**	**6.944.060**	**1.919.796**	**5.759.388**	**12.124.687**

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	17.626.630	21.791.374	489.000	1.467.000	1.956.000	5.868.000	12.011.374
Trade and other payables	72.613	72.613	72.613	-	-	-	-
Financial guarantees	134.400.000	134.400.000	134.400.000	-	-	-	-
Payables to related parties	67.174	67.174	67.174	-	-	-	-
	152.166.417	156.331.161	135.028.787	1.467.000	1.956.000	5.868.000	12.011.374

6. Financial risk management (continued)

6.3 Liquidity risk (continued)

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. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's cash and cash equivalents (Note 20) 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.

With respect to financial guarantees, as referred to note 6.2, the Company acts as joint guarantor for a fellow subsidiary to the amount of €134,4 million, which is the maximum contractual amount of any obligation.

As stated in Note 22, the Company was waived from its financial 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.

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 plus net debt.

The Company's capital is analysed as follows:

	2020	2019
	€	€
Total borrowings (Note 22)	**22.966.625**	17.626.630
Less: Cash and cash equivalents (Note 20)	**(1.690.454)**	(657.721)
Net debt	**21.276.171**	16.968.909
Total equity	**16.694.831**	23.230.515
Total capital	**37.971.002**	40.199.424
Gearing ratio	**56,03%**	42,21%

Fair value estimation

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

Refer to Note 16 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.

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

Critical accounting estimates and assumptions

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

Critical judgements in applying the Company's accounting policies

- **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 was appraised mid-year for better monitoring of value fluctuations of this 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 at the necessary frequency, as needed. Refer to note 16 for details of 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.

- **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.

8. Rights for use of space and other revenue

	2020	2019 (restated)
	€	€
Rights for use of space - Minimum license fees	**2.133.976**	3.289.900
Lease related expenses from discounts granted	**(101.160)**	-
Lease related income from tenant contributions	**116.763**	42.715
Total lease income	**2.149.579**	3.332.615
Revenue from service charge, utilities and other recoveries	**360.173**	552.048
Total revenue from contracts with tenants	**2.509.752**	3.884.663

Income from the "Rights of use of space" relates to license/lease agreements that were in effect during 2020. Any 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 (there were no additional licence fees earned during 2020 and 2019).

‘’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 Engomi with individualised features and improvements. The capital improvement amount is released/amortised to profit or loss over the lease terms of those tenants, in arriving at reported revenue (refer to note 24).

"Lease related expenses from discounts granted" relates to conditional discounts provided by the Company during the 2020 financial year to it's 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. Discounts granted 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 €251.160 (2019: €Nil) was incurred and recognised in "other assets" regarding discounts of which €101.160 (2019: €Nil) has been discharged to profit and loss.

9. Other operating income

	2020	2019 (restated)
	€	€
Other lease related income	**27.999**	16.408
	27.999	16.408

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 16	**(10.386.288)**	525.000
	(10.386.288)	525.000

11. Administration and other operating expenses

	2020	2019
	€	€
Common expenses	**97.114**	-
Sundry expenses	**605**	2.275
Auditor's remuneration - current year	**13.000**	12.500
Auditor's remuneration - prior years	**1.800**	-
Legal fees	**14.850**	8.687
Cyprus stock exchange expenses	**8.988**	8.163
Directors' fees (note 26.1)	**2.500**	2.500
Other professional fees (note 26.3)	**77.268**	86.248
Impairment charge on trade and other receivables - note 18	**-**	40.341
Management fees (note 26.3)	**74.723**	67.655
Financial guarantee provisions (note 24)	**149.255**	-
Bad debts written off	**583**	-
Bank charges	**1.669**	1.316
Property management, maintenance and utility costs *	**360.173**	552.048
Depreciation (note 15)	**1.121**	3.946
	803.649	785.679

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

	2020	2019
	€	€
Building and infrastructure-related expenses	**25.125**	28.500
Electricity and other utility expenses	**44.583**	57.300
Refuse and cleaning expenses	**43.801**	44.481
Payroll and property management fees	**106.967**	208.015
Repairs and maintenance expenses	**24.254**	39.558
Security expenses	**66.780**	63.600
Marketing expense	**9.021**	77.227
Insurance expenses	**38.173**	31.747
Other sundry expenses	**1.469**	1.620
	360.173	552.048

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 €13.000 (the fees for the year ended 31 December 2019 amounted to €14.300, €1.800 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 €2.200 (31 December 2019: €1.800).

12. Finance income/costs

	2020	2019 (restated)
	€	€
Finance income		
Loan interest income	**156.948**	144.909
	156.948	144.909
Interest expense		
Bank borrowings (note 22)	**673.222**	737.687
	673.222	737.687
Net finance costs	**489.100**	592.778

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13. Income tax

	2020	2019
	€	€
Corporation tax	**15.856**	240.219
Defence contribution	**1.201**	-
Deferred tax - (credit)/charge (Note 23)	**(2.622.659)**	165.981
(Credit)/charge **for the year**	**(2.605.602)**	406.200

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	**(9.141.286)**	3.047.614
Tax calculated at the applicable tax rates	**(1.142.661)**	380.952
Tax effect of expenses not deductible for tax purposes	**1.318.698**	7.913
Tax effect of allowances and income not subject to tax	**(109.193)**	(148.646)
50% reduction in licence fee income - claimed as tax credit	**(50.988)**	-
Defence contribution	**1.201**	-
Deferred tax	**(2.622.659)**	165.981
Tax (credit)/charge	**(2.605.602)**	406.200

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%.

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

	2020	2019
(Loss)/earnings attributable to equity holders (€)	**(6.535.684)**	2.641.414
Weighted average number of ordinary shares in issue during the year	**10.000.000**	10.000.000
(Loss)/ earnings per share attributable to equity holders (cent) - basic and diluted	**(65,36)**	26,41

NOTES TO THE FINANCIAL STATEMENTS
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15. Property and equipment

	Signs	Plant and machinery	Computer hardware	Total
	€	€	€	€
Cost				
Balance at 1 January 2019	88.371	76.821	1.045	166.237
Balance at 31 December 2019/ 1 January 2020	**88.371**	**76.821**	**1.045**	**166.237**
Balance at 31 December 2020	**88.371**	**76.821**	**1.045**	**166.237**
Depreciation				
Balance at 1 January 2019	88.371	71.431	1.045	160.847
Charge for the year	-	3.946	-	3.946
Balance at 31 December 2019/ 1 January 2020	**88.371**	**75.377**	**1.045**	**164.793**
Charge for the year	-	1.121	-	1.121
Balance at 31 December 2020	**88.371**	**76.498**	**1.045**	**165.914**
Net book amount				
Balance at 31 December 2020	**-**	**323**	**-**	**323**
Balance at 31 December 2019	**-**	**1.444**	**-**	**1.444**

16. Investment property

	2020	2019
	€	€
Balance at 1 January	**39.800.000**	39.275.000
Redevelopment costs and other additions	**4.322.678**	-
Capitalisation of interest expenses	**83.610**	-
Fair value adjustment based on external valuer's assessment (note 10)	**(10.236.288)**	525.000
Open market value per external valuation at 31 December	**33.970.000**	39.800.000
Adjustment for financial reporting purposes for lease incentives (note 10)	**(150.000)**	-
Balance at 31 December	**33.820.000**	39.800.000

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 in 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 gains/(losses) on investment property". The open market value per external valuer of €33.970.000 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 based on unamortised discounts granted to tenants amounting as at 31 December 2020 to €150.000 (note 19).

The Company's investment property is measured at fair value. The Company holds one class of investment property being the Mall of Engomi.

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 was appraised mid-year for better monitoring of value fluctuations of the primary asset of the Company. The 30 June 2020 valuation was performed internally.

16. Investment property (continued)

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 at the necessary frequency, as needed and required.

As part of the process, the 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 the key assumptions and have concluded on a fair value loss of the investment property of €10.386.288 (2019: gain of €525.000).

Bank borrowings are secured on the Company's investment property for €31.211.817 (31 December 2019: €24.711.817) (Note 22).

Fair value hierarchy

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 categorized as a Level 3 fair value 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	**39.800.000**	39.275.000
(Losses)/gains from fair value adjustments on investment property - including the impact of adjustment for lease incentives	**(10.386.288)**	525.000
Asset under construction:		
Redevelopment costs, including capitalised interest	**4.406.288**	-
	33.820.000	39.800.000

16. Investment property (continued)

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:

Property	Valuation €	Valuation technique	Discount rate %	Terminal capitalisation rate %	Revenue in year 1 €	Revenue growth %
Cyprus	33.820.000	Income approach - Discounted cash flows	10,00	8,25	2.925.344	1,3

Year end 31 December 2019:

Property	Valuation €	Valuation technique	Discount rate %	Terminal capitalisation rate %	Revenue in year 1 €	Revenue growth%
Cyprus	39.800.000	Income approach - Discounted cash flows	10,00	8,25	3.253.605	1,3

Sensitivity of management's estimates 31 December 2020

		Change in discount rate		
Description	Change in cap rate	-0,50%	0,00%	0,50%
Cyprus Shopping Mall	-0,50%	36.437.978	35.616.487	34.816.649
	0,00%	34.598.902	33.820.000	33.059.297
	0,50%	32.970.006	32.226.619	31.502.784
	Change in revenue			
Cyprus Shopping Mall	-10,00%	30.155.351	29.462.449	28.787.860
	0,00%	34.598.902	33.820.000	33.059.297
	10,00%	39.042.454	38.175.210	37.330.733

Sensitivity of management's estimates 31 December 2019

		Change in discount rate		
Description	Change in cap rate	-0,50%	0,00%	0,50%
Cyprus Shopping Mall	-0,50%	42.286.663	41.484.410	40.702.665
	0,00%	40.753.306	39.800.000	39.065.445
	0,50%	39.055.761	38.326.273	37.615.336
	Change in revenue			
Cyprus Shopping Mall	-10,00%	36.629.825	35.942.526	35.272.750
	0,00%	40.573.306	39.800.000	39.065.445
	10,00%	44.516.786	43.676.755	42.858.139

16. Investment property (continued)

A change in the vacancy rate by 5%, i.e. the occupied spaces will decrease to 95% of the available area for tenancy, would lead to a decrease of the fair value from the base scenario by €2.124.845 (2019: €1.943.447), i.e. bringing fair value to €31.695.155 at 31 December 2020 (2019: €37.856.553).

Revenues are derived from a small number of tenants. Two individual tenants contributed more than 80% of the Company's revenues for year 2020. This pattern will be modified from year 2021 onwards, as the Mall's redevelopment will lead to a more diversified tenant mix.

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;
Cash outflows of capital nature, in connection with the redevelopment	Reflecting the estimated costs to complete the property redevelopment exercise;
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 €33.820.000 (after the 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.

16. Investment property (continued)

Specifically, for the valuation of year 2020, the independent valuer considered the following in determining year 1 cashflows:

• the remaining budgeted costs for the completion of the redevelopment plan.

• the expected period of vacancies during the early months of 2021 until such time tenants begin occupation of the premises with the redevelopment plan complete.

17. Loans receivable

Loan receivable from The Mall of Cyprus (MC) Plc:

	2020	2019
	€	€
Balance at 1 January	**-**	1.862.329
Borrowings advanced during the year	**-**	1.799.797
Interest charged (note 26.2)	**-**	60.784
Borrowings assigned from related companies	**-**	(3.722.910)
Balance at 31 December	**-**	-

The loan receivable from fellow subsidiary The Mall of Cyprus (MC) Plc which as at 1 January 2019 amounted to €1.862.329, was fully repaid during 2019 with an additional total amount of €1.799.797 being drawn prior to its settlement in July 2019. Total interest income recognised during the year ended 31 December 2019 amounted to €60.784. The loan was unsecured, bore interest at the 3 month Euribor plus 4,38% during its year of repayment and had no fixed repayment terms, as such it had been classified as current.

Loan receivable from Atterbury Cyprus Limited:

	2020	2019
	€	€
Balance at 1 January	**3.807.035**	-
Borrowings assigned from related company	**-**	3.722.910
Set-off of balance	**(76.293)**	-
Interest charged (note 26.2)	**156.948**	84.125
Balance at 31 December	**3.887.690**	3.807.035

In July 2019, the Company extended a loan to its parent Atterbury Cyprus Limited as part of the settlement of the loan receivable from fellow subsidiary The Mall of Cyprus (MC) Plc. The loan is unsecured, initially bore interest of 3 month Euribor plus 4,38% and has no fixed repayment terms. During the year, the applicable interest rate changed to 3 month Euribor plus 4,08%. Total interest income recognised during the year ended 31 December 2020 amounted to €156.948 (2019: €84.125).

	2020	2019
	€	€
Loans to parent (Note 26.4)	**3.887.690**	3.807.035
	3.887.690	3.807.035

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

The effective interest rates on receivables were as follows:

	2020	2019
Loans to fellow subsidiary	**-%**	4,38%
Loans to parent	**4,08%**	4,38%

18. Trade and other receivables

	2020	2019
	€	€
Trade receivables	**203.577**	427.712
Less: provision for impairment of receivables	**(40.341)**	(40.341)
Trade receivables - net	**163.236**	387.371
Deposits and prepayments	**-**	(4.424)
Advances to subcontractors	**1.321.821**	-
	1.485.057	382.947

Deposits and prepayments mainly relate to common expenses not yet recharged to the tenants as at the year end. Credit balances indicate excess recharge during the year, to be reimbursed to the tenants in the future.

Advances to subcontractors relate to advances given during the year in relation to the redevelopment works for the Mall expansion. Completion of the redevelopment is expected during 2021 (note 16). The advances outstanding at 31 December 2020, are refundable amounts that will be transferred to ''investment property redevelopment costs and other additions'' upon being work-certified.

The Company has not recognised a loss for the impairment of its trade receivables during the year ended 31 December 2020 (2019: €40.341).

Movement in provision for impairment of receivables:

	2020	2019
	€	€
Balance at 1 January	**40.341**	-
Impairment losses recognised on receivables	**-**	40.341
Balance at 31 December	**40.341**	40.341

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.

19. Other assets

	2020	2019
	€	€
Unamortised discounts granted to tenants	**150.000**	-
Balance at 31 December	150.000	-
Less non-current portion	**(120.000)**	-
Current portion	30.000	-

Unamortised discounts granted to tenants relate to a one-off special discount against future rentals given to certain tenants. These are to be amortised to profit and loss over the duration or term of each corresponding individual licence/lease agreement. Amortisation will commence in 2021.

20. Cash at bank and in hand

Cash balances are analysed as follows:

	2020	2019
	€	€
Cash at bank and in hand	**1.690.454**	657.721
	1.690.454	657.721

20. Cash at bank and in hand (continued)

Cash and cash equivalents by type:

	2020	2019
	€	€
Current account	1.448.492	657.584
Sight account	56.088	-
Guarantee deposit	185.800	-
Cash in hand	74	137
	1.690.454	657.721

Bank of Cyprus is the sole credit institution with which cash is held by the Company.

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.

21. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €0,10 each	10.000.000	1.000.000	10.000.000	1.000.000
Issued and fully paid				
Balance at 1 January	10.000.000	1.000.000	10.000.000	1.000.000
Balance at 31 December	10.000.000	1.000.000	10.000.000	1.000.000

22. Borrowings

	2020	2019
	€	€
Balance at 1 January	17.626.630	18.845.089
Proceeds from borrowings	5.295.947	-
Repayment of principal	(339.667)	(1.294.475)
Repayment of interest	(149.334)	(661.671)
Interest expense	673.212	737.687
Gain on modification of borrowings	(27.174)	-
Capitalisation of eligible borrowing costs on investment property	83.610	-
Commitment and commission fees	(196.599)	-
Balance at 31 December	22.966.625	17.626.630

	2020	2019
	€	€
Current borrowings		
Bank loans	1.283.122	1.293.184
Loans from related companies (Note 26.6)	5.323.254	-
	6.606.376	1.293.184
Non-current borrowings		
Bank loans	16.360.249	16.333.446
Total	22.966.625	17.626.630

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 on 27 July 2020 as further described:

22. 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%

On 10 October 2019, Bank of Cyprus Public Company Limited, made a syndication with Eurobank Cyprus Ltd, as permitted by the agreement, to an amount of €5.000.000 of Facility C. The loan with Eurobank Cyprus Ltd bears the same interest as of Bank of Cyprus (i.e. 3 month Euribor rate plus 3,65% margin). As a result, The Mall of Engomi (ME) Plc owes part of the loan to Eurobank Cyprus Ltd. Both loans due as at 31 December 2020 are repayable by the Company in 2030.

As stated in Note 1, the Company thereafter reached an agreement with Bank of Cyprus Public Company Ltd in terms of which no interest or principal loan instalments would 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 their initial contractual expiration/maturity (refer to table column with maturity ‘’per revised agreement’’). The banks have also indicated certain relaxations in the enforceability of loan covenants during the mentioned period. As a result of the latest modifications in loan terms, the Company recognised gains of €27.174.

Maturity of non-current borrowings:

	2020	2019
	€	€
Between one to two years	**1.327.434**	1.341.183
Between two and five years	**4.263.747**	4.329.692
After five years	**10.769.068**	10.662.571
	16.360.249	16.333.446

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

	2020	2019
Bank loans	**3,40%**	3,65%
Loans from related companies	**3,40%**	-%

The carrying amount of borrowings approximates their fair value.

23. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 13). 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	**2.637.712**	2.471.731
Movement in profit or loss due to:		
Fair value (losses)/gains on investment property	**(1.448.784)**	38.118
Difference between depreciation and wear & tear allowances	**(1.173.875)**	127.863
Balance at 31 December	**15.053**	2.637.712

Deferred taxation liability arises as follows:

	2020	2019
	€	€
Fair value gains on investment property	**-**	1.448.784
Difference between depreciation and wear & tear allowances	**15.053**	1.188.928
	15.053	2.637.712

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%.

Due to the decline in the market value of the investment property to below historical cost, the previously recognised deferred tax liability element in relation to capital gains tax and to the difference between assessed disposal price and tax written down values, has been reversed, save for minor remaining amounts.

24. Trade and other payables and other financial liabilities

	2020	2019
	€	€
Trade payables	**423.429**	72.613
Payables to parent (Note 26.5)	**21.776**	21.776
Value added tax	**53.392**	205.166
Provision on financial guarantee contracts	**149.255**	-
Accruals	**127.767**	18.247
Deposits by tenants	**545.346**	640.432
Deferred income	**-**	116.763
Payables to fellow subsidiaries (Note 26.5)	**31.617**	45.398
	1.352.582	1.120.395
Less non-current payables	**(545.346)**	(714.469)
Current portion	**807.236**	405.926

"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).

The provision on financial guarantee contracts, relates to the Company's estimated provisions in respect of the financial guarantees provided for bank loans of its fellow subsidiary, The Mall of Cyprus. The above estimate is the 12-month ECL, considering the probability of default of the guaranteed party, the exposure at default and the loss given default. The Company acts as joint guarantor for bank loans of its fellow subsidiary, with the amount of the guarantees at €134.400.000.

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

25. Current tax liabilities

	2020	2019
	€	€
Corporation tax	**4.433**	33.895
	4.433	33.895

26. 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 99,5% of the Company's shares at the reporting date and at the date of approval of these financial statements.

26. Main shareholders and related party transactions (continued)

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

The main shareholders of the Company as at 31 December 2020 are (i) Brightbridge Real Estate Limited (Cyprus) through its indirect 36,38% shareholding in Atterbury Cyprus Limited (the parent company), (ii) RMB Holdings Limited (South Africa) through its indirect 36,38% shareholding in Atterbury Cyprus Limited and (iii) Business Venture Investments No 1360 (Pty) Ltd (South Africa) through its indirect 24,25% 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 note 17 for further information on borrowings with related parties):

26.1 Directors' remuneration

The remuneration of Directors was as follows:

	2020	2019
	€	€
Directors' fees	**2.500**	2.500
	2.500	2.500

26.2 Provision of services

Name and relationship	Nature of transactions	**2020** **€**	2019 €
The Mall of Cyprus (MC) Plc - fellow subsidiary (Note 12)	Financing and interest	**-**	60.784
Atterbury Cyprus Limited - direct shareholder (Note 12)	Financing and interest	**156.948**	84.125
		156.948	144.909

26.3 Purchases of services

Name and relationship	Nature of transactions	**2020** **€**	2019 €
Fliptype Holdings Limited - direct shareholder	Management fee charges	**28.845**	48.035
Atterbury Cyprus Limited - direct shareholder	Corporate service charges	**73.198**	73.198
Atterbury Europe Services B.V.	Management fee charges	**286.857**	145.704
Brightbridge Real Estate Limited	Management fee charges	**60.000**	-
		448.900	266.937

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''.

26. Main shareholders and related party transactions (continued)

26.4 Loans to related parties (Note 17)

Name	2020 €	2019 €
Atterbury Cyprus Limited	**3.887.690**	3.807.036
	3.887.690	3.807.036

The loan receivable from Atterbury Cyprus Limited is repayable on demand and bore interest equal to 3 month Euribor plus margin of 3,65% and a 20% mark-up i.e. 4,08% up to 31 December 2019. During the year, the applicable interest rate changed to 3 month Euribor plus margin of 4,08%.

26.5 Payables to related parties (Note 24)

Name	2020 €	2019 €
Atterbury Cyprus Limited	**21.776**	21.776
The Mall of Cyprus (MC) Plc	**31.617**	45.398
	53.393	67.174

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

26.6 Loans from related undertakings (Note 22)

	2020 €	2019 €
Atterbury Europe B.V.	**5.323.254**	-
	5.323.254	-

The loan from related entity Atterbury Europe B.V. was provided with interest of 3 month Euribor plus 3,40%, and is repayable on or before 30 June 2021. The loan facility available to the Company is up to €13 million. During the year 2021 the whole loan balance has been repaid out of new bank funding obtained.

26.7 Guarantees

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

a) Guarantee from Atterbury Cyprus Limited to secure bank borrowings for the amount of €23.200.000.

b) Guarantee from The Mall of Cyprus (MC) Plc to secure bank borrowings for the amount of €23.200.000.

In addition, the parent entity has committed in writing to provide support to the Company so as to ensure that in the event of need, sufficient funds will be provided to the Company to meet its obligations in the short to medium term, and for at least twelve months from the date of authorising these financial statements.

27. Contingent liabilities

The Company guarantees the bank loan of The Mall of Cyprus (MC) Plc for the amount of €134.400.000. It is not expected that any loss will result from the guarantees provided by the Company, since the property of the borrower is also pledged as security.

28. Commitments

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

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

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

	2020	2019
	€	€
Within one year	**1.512.720**	3.302.922
Between one and five years	**2.773.320**	6.579.542
After five years	**-**	86.000
	4.286.040	9.968.464

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

	As at 31/12/2020	**As at 31/12/2019**
	€	**€**
Year 1	**1.512.720**	3.302.922
Year 2	**1.512.720**	3.300.905
Year 3	**1.260.600**	2.786.637
Year 4	**-**	246.000
Year 5	**-**	246.000
Year 6 onwards	**-**	86.000
Total	**4.286.040**	9.968.464

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 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.

29. 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 at this point in time and cannot be accurately 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