

THE MALL OF CYPRUS (MC) PLC
ANNUAL REPORT AND FINANCIAL
STATEMENTS
For the year ended 31 December 2022

THE MALL OF CYPRUS (MC) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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THE MALL OF CYPRUS (MC) PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Martin Olivier
George Mouskides
Takis Christodoulou
John George Mavrokordatos

Company Secretary:

Montrago Services Limited

Independent Auditors:

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

Legal Advisers:

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

Registered office:

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

Bankers:

Bank of Cyprus Public Company Ltd
Eurobank Cyprus Ltd

Registration number:

HE3941

THE MALL OF CYPRUS (MC) PLC

MANAGEMENT REPORT

The Board of Directors of The Mall of Cyprus (MC) Plc (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2022.

Principal activities and nature of operations of the Company

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

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

The Company's revenue for the year ended 31 December 2022 was €17.100.073 compared to €15.300.635 for the year ended 31 December 2021. The operating profit of the Company for the year was €23.519.898 (2021: €19.443.424).

The net profit for the year after tax amounted to €20.095.169 (2021: €14.865.911).

At 31 December 2022 the total assets of the Company were €230.065.684 (2021: €217.147.948) and the net assets of the Company were €121.264.758 (2021: €104.569.589). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

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

Future developments of the Company

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

Existence of branches

The Company does not maintain any branches.

Use of financial instruments by the Company

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

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and that such changes will affect the Company's income or the value of its holdings of financial instruments.

Interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. All borrowings as at 31 December 2022 are at variable rates, except as disclosed in the financial statements.

As at 31 December 2022, the Company's liabilities which bore variable interest rates amounted to €84.701.495 (2021: €87.588.134). 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.

Management assesses the credit quality of the lessees, 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 in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

THE MALL OF CYPRUS (MC) PLC

MANAGEMENT REPORT

As at 31 December 2022 the Company's credit risk arises from trade and other receivables amounting to €1.077.482 (net, after cumulative expected credit losses of €1.027.397) (2021: €1.286.822 net, after cumulative expected credit losses of €861.650), loans receivable of €1.240.377 (2021: €883.144) and bank balances amounting to €5.837.021 (2021: €5.452.227).

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 2022 the Company's net debt amounted to €80.663.907 (2021: €82.735.695) and total equity of €121.264.758 (2021: €104.569.589) leading to a gearing ratio of 39,95% (2021: 44,17%).

Results

The Company's results for the year are set out on page 10.

Dividends

On 2 March 2022, the Board of Directors approved the payment of an interim dividend of €3.400.000 to its shareholders from the net profit of the year ended 31 December 2021 (2021: €NIL). The Board of Directors have not recommended further dividends except as disclosed in note 35 to the financial statements.

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

With the development of the Coronavirus disease (Covid-19) pandemic in 2020 the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Targeted lockdown measures, taking into consideration the epidemic status in the country resulted in significant operational disruption for the Company especially in 2020, and to a lesser extent in 2021. During 2022, revenue has recovered. Following Covid-19, economic growth in Cyprus has shown signs of robustness that continued amidst the Russia-Ukraine conflict.

Monitoring policies with the aim of maintaining adequate rate and extent of recovery of receivables have continued during 2022.

High levels of uncertainty currently prevail due to the Russia-Ukraine conflict, which is considered material for the future of the Cyprus economy as a whole. As such, reliable predictions of the final outcomes are not possible, and Management's current expectations and estimates could differ from actual results.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2022 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 2022.

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.

THE MALL OF CYPRUS (MC) PLC

MANAGEMENT REPORT

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 2022 and as at the date of this report.

Except from the balance and transactions disclosed in note 31 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

Any significant events after the reporting date on the Company are described in note 35 to 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:

	26 April 2023 Percentage of shareholding %	31 December 2022 Percentage of shareholding %
Direct shareholder:		
Atterbury Cyprus Limited (Cyprus)	99,67	99,67
Indirect shareholders (through their indirect holdings in Atterbury Cyprus Limited):		
Business Venture Investments No 1380 (Pty) Ltd (South Africa)	24,29	24,29
Brightbridge Real Estate Limited (Cyprus)	48,59	48,59
Pareto Limited (South Africa)	24,29	24,29

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, 26 April 2023

THE MALL OF CYPRUS (MC) PLC

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company officials responsible for the financial statements of The Mall of Cyprus (MC) Plc (the "Company") for the year ended 31 December 2022, on the basis of our knowledge, declare that:

(a) The annual financial statements of the Company which are presented on pages 10 to 61:

(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 and the entities included in the financial statements as a whole and

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

Members of the Board of Directors:

Martin Olivier - Director

George Mouskides - Director

Talita Christodoulou - Director

John George Mavrokordatos - Director

Responsible for drafting the financial statements

Anizela Constantinou (Financial Controller)

The image shows four handwritten signatures in black ink, each written over a horizontal dotted line. The signatures are: 1. Martin Olivier, 2. George Mouskides, 3. Talita Christodoulou, and 4. Anizela Constantinou. The signature of Anizela Constantinou is written in blue ink.

Nicosia, 26 April 2023

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Mall of Cyprus (MC) Plc (the "Company"), which are presented in pages 10 to 61 and comprise the statement of financial position as at 31 December 2022, 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 2022, 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.

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

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



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Offices: Nicosia, Limassol

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Independent Auditor's Report (continued)

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

Description of key audit matter

Valuation of investment property including assets classified as held for sale

Investment property is carried in the statement of financial position at a revalued amount of €218.8 million. This amount includes €16.2 million which has been presented as assets classified as held for sale. Investment property comprises 95% of the Company's total assets. Investment property is measured at fair value. All fair value gains and losses are recognized in the statement of comprehensive income. The fair value gains on investment property recorded in the statement of comprehensive income amounted to €11.2 million.

The Company engaged an external appraiser to determine the fair value of its properties using the income approach.

We have considered the valuation of investment property to be a key audit matter, as it requires management to apply significant judgement and make significant estimates, for example the terminal capitalisation rate, discount rate, future rental income and vacancy rate.

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) due to the general economic conditions prevailing due to Covid-19 and the Russia-Ukraine conflict as well as accelerated inflation and increased borrowing costs that has created uncertainty undermining the growth of the property market.

Refer to note 4 "Significant accounting policies", note 7 "Critical accounting estimates, judgements and assumptions", and note 18 "Investment property" in the financial statements for further details relating to this matter.

How our audit addressed the key audit matter

We have performed, amongst others, the following audit procedures, in order to address this key audit matter:

- Obtained an understanding of the internal controls over the valuation process for investment property and assessed these controls to determine if they had been appropriately designed and implemented.
- 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 their terms of engagement with the Company 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; and (ii) challenged 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 management to the independent appraisal firm.
- Reperformed the mathematical accuracy of the valuation.
- Agreed the total valuation in the appraiser report to the amount reported in the statement of financial position.
- Assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.

The above procedures were completed in a satisfactory manner.

Independent Auditor's Report (continued)

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

Reporting on other information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Independent Auditor's Report (continued)

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

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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal Requirements

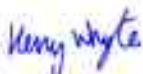
Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- 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 Kerry Whyte.



Kerry Whyte
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 26 April 2023

THE MALL OF CYPRUS (MC) PLC

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 €	2021 €
Rights for use of space and other revenue	8	17.100.073	15.300.635
Valuation gain on financial assets at fair value through profit or loss	21	420.221	-
Other operating income	9	885.552	633.627
Fair value gains on investment property	10	11.239.341	8.194.630
Impairment (loss)/gain on trade and other receivables	20	(388.651)	415.354
Administration and other operating and selling expenses	11	(5.736.638)	<u>(5.100.822)</u>
Operating profit		23.519.898	19.443.424
Finance income	13	57.050	61.055
Finance costs	13	(3.425.361)	(3.307.777)
Loss on loan modification	26	(847.116)	-
Profit before tax		19.304.471	16.196.702
Tax credit/(expense)	14	790.698	<u>(1.330.791)</u>
Profit for the year		20.095.169	14.865.911
Other comprehensive income		-	-
Total comprehensive income for the year		<u>20.095.169</u>	<u>14.865.911</u>
Earnings per share attributable to equity holders (cent) - basic and diluted	15	<u>20.10</u>	<u>14.87</u>

The notes on pages 14 to 61 form an integral part of these financial statements.

THE MALL OF CYPRUS (MC) PLC

STATEMENT OF FINANCIAL POSITION 31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Property and equipment	17	335,568	361,741
Investment property	18	202,632,000	207,800,000
Prepayments and other assets	22	103,260	66,210
		<u>203,071,828</u>	<u>208,227,951</u>
Current assets			
Trade and other receivables	20	1,803,238	1,816,936
Loans receivable	19	1,240,377	883,144
Financial assets at fair value through profit or loss	21	1,875,321	-
Prepayments and other assets	22	165,470	502,313
Refundable taxes	30	94,962	268,166
Cash at bank and in hand	23	8,837,588	8,452,439
		<u>10,816,856</u>	<u>8,919,997</u>
Assets classified as held for sale	24	16,177,000	-
TOTAL ASSETS		<u>230,065,684</u>	<u>217,147,948</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	25	50,000,000	50,000,000
Retained earnings		71,284,759	54,589,589
Total equity		<u>121,284,759</u>	<u>104,589,589</u>
Non-current liabilities			
Borrowings	26	81,257,347	83,631,467
Trade and other payables	29	1,743,201	1,838,045
Deferred tax liabilities	27	17,644,342	18,206,034
		<u>100,644,990</u>	<u>104,675,546</u>
Current liabilities			
Trade and other payables	28	2,742,855	3,301,698
Borrowings	26	6,244,148	4,356,847
Provisions for other liabilities and charges	28	168,943	48,448
		<u>8,155,946</u>	<u>7,704,793</u>
Total liabilities		<u>108,800,928</u>	<u>112,678,359</u>
TOTAL EQUITY AND LIABILITIES		<u>230,065,684</u>	<u>217,147,948</u>

On 26 April 2023 the Board of Directors of The Mall of Cyprus (MC) Plc authorised these financial statements for issue.


John George Mavrokoronis
Director


George Mouskides
Director

The notes on pages 14 to 31 form an integral part of these financial statements.

THE MALL OF CYPRUS (MC) PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2021		50.000.000	39.703.678	89.703.678
Comprehensive income				
Net profit for the year		-	14.865.911	14.865.911
Balance at 31 December 2021/ 1 January 2022		50.000.000	54.569.589	104.569.589
Comprehensive income				
Net profit for the year		-	20.095.169	20.095.169
Transactions with owners				
Dividends	16	-	(3.400.000)	(3.400.000)
Balance at 31 December 2022		50.000.000	71.264.758	121.264.758

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (2021: 2,65%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 14 to 61 form an integral part of these financial statements.

THE MALL OF CYPRUS (MC) PLC

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		19.304.471	16.196.702
Adjustments for:			
Depreciation of property and equipment	17	65.722	93.515
Fair value gains on investment property	18	(11.239.341)	(8.194.630)
Fair value gains on financial assets at fair value	21	(420.221)	-
Movement in provisions for other liabilities	28	-	(102.600)
Interest income	13	(57.050)	(61.055)
Interest expense	13,26	3.346.135	3.303.325
Movement in provision for financial guarantees	11,28	122.495	19.808
Loss on loan modification and amortisation of loan issue costs	26	926.330	-
		12.048.541	11.255.065
Changes in working capital:			
Decrease in trade and other receivables		214.658	571.248
Decrease/(increase) in prepayments and other assets		299.793	(444.038)
Increase/(decrease) in trade and other payables		1.058.910	(1.608.100)
Cash generated from operations		13.621.902	9.774.175
Tax paid		(599.790)	(604.812)
Net cash generated from operating activities		13.022.112	9.169.363
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment	17	(40.549)	(36.572)
Payment for additions to investment property	18	(280.166)	(676.340)
Loans granted to parent	19	(302.144)	(30.000)
Loans repayment received from parent	19	-	100.000
Interest received	13	-	61.055
Increase in financial assets at fair value through profit or loss	21	(1.455.000)	-
Net cash used in investing activities		(2.077.859)	(581.857)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of bank borrowings	26	(3.872.176)	(8.295.646)
Interest paid	26	(3.263.874)	(2.960.204)
Dividends paid	16	(3.400.000)	-
Other interest paid		(23.054)	-
Net cash used in financing activities		(10.559.104)	(11.255.850)
Net increase/(decrease) in cash and cash equivalents		385.149	(2.668.344)
Cash and cash equivalents at beginning of the year		5.452.439	8.120.783
Cash and cash equivalents at end of the year	23	5.837.588	5.452.439

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

The notes on pages 14 to 61 form an integral part of these financial statements.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Incorporation and principal activities

Country of incorporation

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

Principal activities

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

Operating Environment of the Company and assessment of Going Concern status

Economic indicators

With the development of the Coronavirus disease (Covid-19) pandemic in 2020 the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Targeted lockdown measures, taking into consideration the epidemic status in the country resulted in significant operational disruption for the Company especially in 2020, and to a lesser extent in 2021. During 2022, revenue has recovered. Following Covid-19, economic growth in Cyprus has shown signs of robustness that continued amidst the Russia-Ukraine conflict.

Monitoring policies with the aim of maintaining adequate rate and extent of recovery of receivables have continued during 2022.

High levels of uncertainty currently prevail due to the Russia-Ukraine conflict, which is considered material for the future of the Cyprus economy as a whole. As such, reliable predictions of the final outcomes are not possible, and Management's current expectations and estimates could differ from actual results.

Going concern

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 a period of debt repayment postponement during 2020 and in addition, an extension of final debt settlement and renegotiation of the borrowing interest rate during the current year.
- 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, 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 2023, 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.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Incorporation and principal activities (continued)

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

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

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

The Company is currently in full compliance with such covenants and expects to remain so in the foreseeable future. The Company also expects that there should not be any issue concerning the Company's cross guarantee position in favour of its fellow subsidiary, as the latter's position and performance is expected to be sufficient to avoid any unfavourable developments that may burden the entity. Based on the Company's assessment, the main covenants are the debt service cover ratio and the loan to value ratio requirements. Based on the forecasts by Management, there is significant headroom before being at risk of any such breach.

Interruption of operations and worsening of the financial position of tenants

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. Actions have been taken effect during prior year 2021 and 2022, targeting specific tenants.

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 changes to the overall operating and economic environment evolve.

2. Basis of preparation

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

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

3. Adoption of new or revised standards and interpretations

In the current year, the Company has applied a number of amendments to International Financial Reporting Standards (the "IFRS", the "Standards") issued by the International Accounting Standards Board (the "IASB", the "Board") that are mandatorily effective for an accounting period that begins on or after 1 January 2022. All new amendments have been endorsed by the European Union, and their application did not have a material effect on the Company's financial statements.

(i) Amendments to IAS 16 regarding proceeds before intended use

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 MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

(i) Amendments to IAS 16 regarding proceeds before intended use (continued)

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.

(ii) Annual improvements to IFRS Standards 2018 2020 Cycle

The Annual Improvements include amendments to a number of standards, which have been summarized below:

- **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.

The amendments are applied prospectively.

4. Significant accounting policies

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

Administration and operating expenses

Expenses incurred are recognised on an accrual basis.

Management includes in the standard license/lease agreements specific terms which enables the mall, including IKEA and other developments ("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.

Assets classified as held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

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, (ii) lease income on land assets, and (iii) service charges, utility costs recharged and other recoveries from tenants.

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

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

Incentives granted to tenants (such as relocation incentives that are typically provided to aid tenants in bringing newly occupied tenancy space in operational condition for their intended business use and that are considered lessee assets) and other incentives/discounts provided during Covid-19 in relation to the investment property of the Company, are initially capitalised in the statement of financial position under "other assets" and then reclassified to investment property, 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, then reclassified to investment property and subsequently credited to profit or loss on a systematic basis in arriving at revenue for the financial period.

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

- **Lease income on land assets**

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

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

Employee benefits

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

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. Translation differences on non-monetary items such as equities held at fair value are reported as part of the fair value gain or loss.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Tax

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Dividend distribution

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

Property and equipment

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

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

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

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Property and equipment (continued)

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

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

Income from government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. They are amortised on a systematic basis using the straight-line method over the expected useful life of the respective assets. Government grants that relate to expenses are recognised in profit or loss as revenue.

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 and in order to avoid double counting, the carrying amount of any accrued income, relocation incentives and unamortised rent concessions is set off against the carrying amount of investment property, just prior to the revaluation of the latter to its fair value.

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.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Leases

The Company as lessor

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

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

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

Financial assets

Classification

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

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

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

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

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.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

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 (FV), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FV 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.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of comprehensive income.

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

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FV are recognised in "other gains/(losses)" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FV are not reported separately from other changes in fair value.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost (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". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

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

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

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

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

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

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.

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.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Cash and cash equivalents

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

Financial assets at amortised cost (loans and other receivables)

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

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.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 FV: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

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

Borrowings

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

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Financial liabilities (continued)

Borrowings (continued)

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

Trade and other payables

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

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued.

Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. In the absence of fees received, the fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantees are subsequently measured at the higher of (i) the amount determined in accordance with the expected credit loss model under IFRS 9 "Financial Instruments", and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with customers".

Derivative financial instruments

Derivatives are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are generally recognised in profit or loss. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative financial assets and liabilities comprise mainly interest rate swap and forward interest rate cap contracts for hedging purposes (economic hedge). The Company does not apply hedge accounting in accordance with IFRS 9.

The Company holds derivative financial instruments to hedge its interest rate exposures.

Offsetting financial instruments

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

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

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.

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 and then reclassified to investment property. 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 9).

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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 expect that the adoption of these accounting standards and amendments will have no material effect on financial statements of the Company. They are as follows:

(i) Issued by the IASB and adopted by the European Union

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.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. New accounting pronouncements (continued)

(i) Issued by the IASB and adopted by the European Union (continued)

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 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*

Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four step materiality process' to accounting policy information in order to support the amendments to IAS 1.

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 MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. New accounting pronouncements (continued)

(i) Issued by the IASB and adopted by the European Union (continued)

- 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.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective for annual periods beginning on or after 1 January 2023)

In May 2021, the International Accounting Standards Board (Board) published "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)" that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and decommissioning obligations and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Effective for annual periods beginning on or after 1 January 2023)

Narrow scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment relates to financial assets for which comparative information is presented on initial application of IFRS 17, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. There are no changes to the transition requirements in IFRS 9.

An entity that elects to apply the amendment applies it when it first applies IFRS 17.

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

In June 2020, the International Accounting Standards Board (Board) has 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 to IFRS 17 are to be applied retrospectively. Earlier application is permitted.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. New accounting pronouncements (continued)

(ii) Issued by the IASB but not yet adopted by the European Union

Amendments to IAS 1 regarding classification of Liabilities as Current or Non Current (Effective for annual reporting periods beginning on or after 1 January 2024)

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

They clarify that the classification of liabilities as current or non current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

They clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services

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

Amendments to IAS 1 regarding Non current Liabilities with Covenants (Effective for annual reporting periods beginning on or after 1 January 2024)

In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or noncurrent.

An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non current liabilities with covenants could become repayable within twelve months.

The 2022 amendments deferred the effective date of the amendments to IAS 1 Classification of Liabilities as Current or Non current published in January 2020 by one year to annual reporting periods beginning on or after 1 January 2024.

The amendments are applied retrospectively.

Amendments to IFRS 16 Leases: Amendments to clarify how a seller lessee subsequently measures sale and leaseback transactions (Effective for annual reporting periods beginning on or after 1 January 2024)

The amendments require a seller lessee to subsequently measure lease liabilities by determining "lease payments" and "revised lease payments" arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Without these new requirements, a seller lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. New accounting pronouncements (continued)

(ii) Issued by the IASB but not yet adopted by the European Union (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 issued 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.

6. Financial risk management

Financial risk factors

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

6.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and that such changes will affect The Company's income or the value of its holdings of financial instruments.

Sensitivity analysis

An increase in market valuation by 5% at 31 December 2022 would have increased equity and profit or loss by €93.761. For a decrease of 5% there would be an equal and opposite impact on the profit and loss.

6.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Interest bearing assets issued at variable rates expose the Company to cash flow interest rate risk. Interest bearing assets issued at fixed rates expose the Company to fair value interest rate risk. 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:

	2022	2021
	€	€
Variable rate instruments		
Financial assets - cash at bank and loans receivable	7.077.398	6.335.371
Financial liabilities - loans payable	<u>(84.701.495)</u>	<u>(87.588.134)</u>
	<u>(77.624.097)</u>	<u>(81.252.763)</u>

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Financial risk management (continued)

6.2 Interest rate risk (continued)

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2022 would have increased/(decreased) equity and 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 the profit and other equity.

	2022	Profit or loss 2021
	€	€
Variable rate instruments	<u>776.241</u>	<u>812.528</u>
	<u>776.241</u>	<u>812.528</u>

6.3 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.

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

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

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

Trade and other receivables

The Company assesses, on an individual and collective basis, its exposure to credit risk arising from trade receivables and other assets. This assessment is based on the credit history of the customers with the Company as well as the period the trade receivable or other asset is more than 180 days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

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

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Financial risk management (continued)

6.3 Credit risk (continued)

Trade and other receivables (continued)

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

	Trade receivables from tenants and other receivables	
	2022	2021
	€	€
Individual assessment	1.467.892	1.538.346
Collective assessment	636.987	600.126
Total gross receivables (before provisions)	<u>2.104.879</u>	<u>2.138.472</u>

Sensitivity of Management's estimates 31 December 2021

	Loss allowance	
	2022	2021
	€	€
Individual assessment	930.479	775.213
Collective assessment	96.918	76.437
Total	<u>1.027.397</u>	<u>851.650</u>

The closing loss allowances (under collective and individual assessments) for trade and other receivables as at 31 December 2022 reconcile to the opening loss allowances as follows:

	Trade receivables	
	2022	2021
	€	€
Balance at 1 January	851.650	1.928.627
Impairment losses/(reversals) recognised on receivables in profit or loss during the year - net	388.651	(415.354)
Set-offs against gross trade receivables	<u>(212.904)</u>	<u>(661.623)</u>
Balance at 31 December	<u>1.027.397</u>	<u>851.650</u>

Management of the Company continued to implement a dual model of impairment determination, on an individual as well as collective assessment for year 2022, to capture the impact of the financial situation affecting business operations in the most comprehensive manner possible. For the individual assessment exercise, Management considered, among other, the following factors in its selection process:

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

Management has assessed expected cash inflows from trade receivables under individual assessment, having considered the above facts as well as macroeconomic, forward-looking data such as GDP, estimating LGD, PD and EAD in all relevant cases, with reference to industry specific data.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Financial risk management (continued)

6.3 Credit risk (continued)

Trade and other receivables (continued)

For tenant receivables under collective assessment for year 2022 and 2021, a matrix approach was followed based on groupings of customers with common industry characteristics (segments). The Company remodelled the applicable groupings for 2022 compared to 2021. Individual loss rates by segment were applied based on days overdue. Expected Credit losses in respect of customer balances undergoing individual assessment, were excluded from the final result. The cumulative loss allowance at 31 December 2022 was €96.918 (2021: €76.437). Information about the provision matrices applied for the 2022 collective assessment exercise is as follows:

Tenant sector	Loss rates
Food and beverage	8%
Fashion	44%
Other	31%

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. As of 31 December 2022, an amount of €212.904 of gross trade receivables has been written off.

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.

Receivables which have been individually assessed are considered to be Stage 2 or Stage 3. Those that have been collectively assessed have been evaluated at Stage 2.

In respect of receivables individually assessed €555.828 were Stage 3 at default and have been fully provided. The remaining were Stage 2 and assessed considering payment history and financial position.

Other financial assets at amortised cost (loans and other receivables from related parties and debt instruments at amortised cost-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 MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Financial risk management (continued)

6.3 Credit risk (continued)

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

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

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

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

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

Loans receivable and other receivables from related parties

The Company has a current loan receivable amount of €1.240.377 at the reporting date, due from its parent. No provision for expected credit losses has been recognised as the assessed amount was insignificant. The loans are categorised as stage 1 since inception.

The Company also has a receivable amount of €58.386 due from fellow subsidiary The Mall of Engomi (ME) Plc, which is also regarded a stage 1 asset, with insignificant impact in terms of credit losses.

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Financial risk management (continued)

6.3 Credit risk (continued)

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 2022, the Company has the majority of its cash deposited with a single financial institution with an external credit rating of Ba2 (Moody's). Company deposits are short term and allocated to Stage 1 exposures.

Financial guarantee contracts

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

At the reporting date, the Company acts as a guarantor to the bank loan of fellow subsidiary The Mall of Engomi (ME) Plc for the amount of €38.800.000 (note 33). 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 IFRS 9 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 (note 26).

6.4 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 2022	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	84.701.495	122.145.183	1.968.303	5.890.861	7.675.941	26.387.631	80.222.447
Trade and other payables	3.184.876	3.184.876	3.184.876	-	-	-	-
Financial guarantees - contractual amount	38.800.000	38.800.000	38.800.000	-	-	-	-
Payables to related parties	21.776	21.776	21.776	-	-	-	-
Loan from parent company	1.800.000	1.800.000	1.800.000	-	-	-	-
	128.508.147	165.951.835	45.774.955	5.890.861	7.675.941	26.387.631	80.222.447

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6. Financial risk management (continued)

6.4 Liquidity risk (continued)

31 December 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Bank loans	87.588.134	116.844.690	1.926.896	5.004.000	6.672.000	20.016.000	83.225.794
Trade and other payables	4.262.223	4.262.223	4.262.223	-	-	-	-
Financial guarantees - contractual amount	38.800.000	38.800.000	38.800.000	-	-	-	-
Loan from parent company	600.000	600.000	600.000	-	-	-	-
	<u>131.250.357</u>	<u>160.506.913</u>	<u>45.589.119</u>	<u>5.004.000</u>	<u>6.672.000</u>	<u>20.016.000</u>	<u>83.225.794</u>

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management maintains flexibility in funding by maintaining availability under committed credit lines (note 26).

Management monitors rolling forecasts of the Company's cash and cash equivalents (note 23) on the basis of expected cash flow. Based on their experience, management considers that the bank overdraft will continue to be renewed normally on an annual basis. The Company has such committed overdraft facility for up to €2.000.000 and did not have any overdrawn amounts at the reporting date.

With respect to financial guarantees, as referred to note 6.2, the Company acts as guarantor for a fellow subsidiary to the amount of €38.800.000, which is the maximum contractual amount of any obligation.

6.5 Capital risk management

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

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

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

The Company's capital is analysed as follows:

	2022 €	2021 €
Total borrowings (note 26)	86.501.495	88.188.134
Less: Cash and cash equivalents (note 23)	(5.837.588)	(5.452.439)
Net debt	80.663.907	82.735.695
Total equity	121.264.758	104.569.589
Total capital	201.928.665	187.305.284
Gearing ratio	39,95%	44,17%

The reduction in gearing ratio was a result of the reduction in borrowings as well as improvement in profitability of the Company.

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For the year ended 31 December 2022

6. Financial risk management (continued)

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The carrying amount less impairment provision of financial assets and liabilities are assumed to approximate their fair values.

Refer to note 18 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.

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 rate, capitalisation rate 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.

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, the Russia - Ukraine conflict and other factors such as accelerated inflation and increased borrowings rate. Management therefore will be revisiting the valuation of the property frequently, as needed. Refer to note 18 for details of the assumptions used and sensitivity analysis performed on key inputs to the valuation exercise.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through profit or loss has been estimated based on the fair value provided by the issuer.

- **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. Management has assessed its leases to be operating leases considering the business model and the nature and terms of the leases which are not for a major part of the economic life of the asset and at inception date, the present value of the lease payments do not amount to substantially all of the fair value of the underlying assets. The terms of the leased are described further in note 34.

8. Rights for use of space and other revenue

Disaggregation of revenue	2022	2021
	€	€
Rights for use of space - minimum licence fees (i)	12.911.278	12.173.754
Rights for use of space - additional licence fees (i)	220.221	240.879
Lease related income from tenant contributions (ii)	92.280	220.217
Lease related expenses from relocation incentives granted (iii)	(109.759)	(257.470)
Lease related expenses from discounts granted (iv)	(626.430)	(1.454.627)
Lease income from land lease (i)	701.977	674.074
Total lease income	13.189.567	11.596.827
Revenue from service charge, utilities and other recoveries	3.910.506	3.703.808
	17.100.073	15.300.635

(i) Income from the "Rights of use of space" relates to license/lease agreements that were in effect during 2022. 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. Income from the leasing of land relates solely to the rental income earned by the Company from IKEA for the year.

(ii) "Lease related income from tenant contributions" refers to the amortised portion of capital expenditure incurred by the Company on behalf of, and billed to certain tenants, in transforming/enhancing the space occupied in the Mall of Cyprus with individualised features and improvements. The capital improvement is released/amortised to profit or loss over the lease terms of the applicable tenants, arriving at reported income (note 18).

(iii) "Relocation incentives" refer to incentives the Company has granted to tenants, as a result of the recent expansion project in the Mall of Cyprus. The incentives are released/amortised to profit or loss over the lease terms of the applicable tenants, arriving at reported revenue (essentially treated as "discounts") (note 22).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

(iv) Lease related expenses from "Discounts granted" relate to the discounts given to tenants by the Company. The discounts were given as a result of the global pandemic Covid-19 and the "strict" lockdown period in Cyprus during March-June 2020 and January-February 2021 as well as May of 2021 when all malls and retail centres were closed. For the tenants to have qualified for this discount they had to comply with certain set conditions. The total amount of discount that was amortised during the year ended 31 December 2022 was €626.430 (2021: €1.454.627). The discounts are amortised to profit or loss over the remaining lease term of tenants' contracts from the date the discount was given in accordance with IFRS 16 (i.e. treated as a lease modification). The unamortised amount is presented as a lease receivable in the financial statements (note 22) prior to its reclassification to investment property (note 18).

9. Other operating income

	2022	2021
	€	€
Reimbursement of legal expenses	120.000	-
Bad debts recovered	122.758	-
Government subsidies (Covid-19)	-	300.000
Release of provision of other liabilities (note 28)	-	102.600
Promotional and other income	<u>642.794</u>	<u>231.027</u>
	<u>885.552</u>	<u>633.627</u>

During prior year, the Company received a government subsidy. Specifically, according to the records of the Authorities, the Company qualified as a VAT registered business which suffered reductions in turnover over and above the minimum thresholds set out in the relevant government scheme, which aimed at providing aid to counteract the adverse impact of measures taken for the handling of the Covid-19 pandemic. The Company has recognised such subsidy as an element of income, since the State authorities have determined that the Company qualified for aid under the scheme, with no further conditions imposed.

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

	2022	2021
	€	€
Fair value gains on investment property (note 18)	<u>11.239.341</u>	<u>8.194.630</u>
	<u>11.239.341</u>	<u>8.194.630</u>

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For the year ended 31 December 2022

11. Administration and other operating and selling expenses

	2022	2021
	€	€
Common expenses	-	406.540
Licenses and taxes	61.627	67.390
Insurance	668	656
Repairs and maintenance	34.577	129.452
Auditor's remuneration for statutory audit purposes	45.000	27.000
Directors' fees (note 31.1)	2.500	2.500
Other professional fees	320.673	94.154
Financial guarantee provision (note 28)	122.495	19.808
Rental commissions paid	-	24.224
Bad debts written off	37.173	-
Management fees	481.946	507.974
Other expenses	4.777	12.942
Legal expenses	120.000	-
Bank charges	12.655	10.859
Property management, maintenance and utility costs *	4.426.825	3.703.808
Depreciation (note 17)	65.722	93.515
	<u>5.736.638</u>	<u>5.100.822</u>

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

	2022	2021
Building and infrastructure-related expenses	260.751	259.710
Electricity and other utility expenses	1.315.841	810.900
Refuse and cleaning expenses	393.132	343.907
Payroll and property management fees	797.747	709.600
Repairs and maintenance expenses	537.552	472.454
Security expenses	399.423	494.767
Marketing expense	434.809	379.258
Insurance expenses	211.572	162.679
Other sundry expenses	75.998	70.533
	<u>4.426.825</u>	<u>3.703.808</u>

The total fees charged by the Company's statutory auditor for the statutory audit of the financial statements of the Company for the year ended 31 December 2022 amounted to €45.000 (2021: €27.000). The total fees charged by the Company's statutory auditor for the year ended 31 December 2022 for tax advisory services and for other assurance services was €3.200 (2021: €3.200).

12. Staff costs

	2022	2021
	€	€
Salaries	371.913	392.063
Social security costs	49.011	51.054
GHS contribution	9.856	4.268
	<u>430.780</u>	<u>447.385</u>
Average number of employees	<u>13</u>	<u>14</u>

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

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For the year ended 31 December 2022

13. Finance income/costs

	2022 €	2021 €
Finance income		
Bank interest	-	35.245
Interest from related parties (note 19)	55.089	25.810
Other interest	1.961	-
	57.050	61.055
Interest expense		
Loan interest (note 26)	(3.402.295)	(3.303.325)
Bank overdraft interest	-	(2.766)
Other interest	(22.881)	-
Interest on taxes	(173)	(1.686)
Net foreign exchange losses		
Realised foreign exchange losses	(12)	-
	(3.425.361)	(3.307.777)
Net finance costs	(3.368.311)	(3.246.722)

14. Tax

	2022 €	2021 €
Corporation tax	753.203	452.824
Defence contribution	17.791	26.812
Deferred tax - (credit)/charge (note 27)	(1.561.692)	851.155
(Credit)/charge for the year	(790.698)	1.330.791

The total charge for the year can be reconciled to the accounting profit as follows:

	2022 €	2021 €
Profit before tax	19.304.471	16.196.702
Tax calculated at the applicable tax rates	2.413.059	2.024.588
Tax effect of expenses not deductible for tax purposes	216.634	199.873
Tax effect of allowances and income not subject to tax	(1.876.490)	(1.771.637)
Defence contribution current year	17.791	26.812
Deferred tax	(1.561.692)	851.155
Tax (credit)/charge	(790.698)	1.330.791

The corporation tax rate is 12,5%.

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

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15. Earnings/(loss) per share attributable to equity holders

	2022	2021
Profit attributable to shareholders (€)	<u>20.095.169</u>	14.865.911
Weighted average number of ordinary shares in issue during the year	<u>100.000.000</u>	100.000.000
Profit/(loss) per share attributable to equity holders (cent) - basic and diluted	<u>20,10</u>	14,87

16. Dividends

	2022	2021
	€	€
Interim dividend paid	<u>3.400.000</u>	-
	<u>3.400.000</u>	-

On 2 March 2022, the Board of Directors approved the payment of an interim dividend of €3.400.000 to its shareholders from the net profit of the year ended 31 December 2021(2021: €NIL).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled. Dividends are also subject to a 2,65% contribution to the General Healthcare System.

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17. Property and equipment

	Artworks	Leasehold property improv.	Plant and machinery	Signs	Furniture, fixtures and office equipment	Computer hardware	Total
	€	€	€	€	€	€	€
Cost							
Balance at 1 January 2021	140.490	58.500	1.346.099	414.458	649.573	155.651	2.764.771
Additions	-	-	27.305	-	9.267	-	36.572
Balance at 31 December 2021/ 1 January 2022	140.490	58.500	1.373.404	414.458	658.840	155.651	2.801.343
Additions	-	-	40.549	-	-	-	40.549
Balance at 31 December 2022	140.490	58.500	1.413.953	414.458	658.840	155.651	2.841.892
Depreciation							
Balance at 1 January 2021	-	58.500	1.225.240	360.686	587.458	114.203	2.346.087
Charge for the year	-	-	33.376	11.292	12.214	36.633	93.515
Balance at 31 December 2021/ 1 January 2022	-	58.500	1.258.616	371.978	599.672	150.836	2.439.602
Charge for the year	-	-	38.663	11.292	11.432	4.335	65.722
Balance at 31 December 2022	-	58.500	1.297.279	383.270	611.104	155.171	2.505.324
Net book amount							
Balance at 31 December 2022	140.490	-	116.674	31.188	47.736	480	336.568
Balance at 31 December 2021	140.490	-	114.788	42.480	59.168	4.815	361.741

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For the year ended 31 December 2022

18. Investment property

	2022	2021
	€	€
Balance at 1 January	207.800.000	198.450.000
Additions	280.166	676.340
Lease incentives and deferred income adjustment net of amortisation	(510.507)	479.030
Fair value adjustment based on external valuer's assessment (note 10)	11.239.341	8.194.630
Open market value per external valuation at 31 December	218.809.000	207.800.000
Transfer to assets classified as held for sale (note 24)	(16.177.000)	-
Balance at 31 December	202.632.000	207.800.000

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 on an active market process, adjusted if necessary, for any differences in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are typically prepared annually by independent valuers and reviewed and adopted by management. Changes in fair value are recorded in profit or loss and are included in "fair value gains/(losses) on investment property". In arriving at open market value, Management takes into account 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 2022 for the aforementioned incentives, was derived from relocation incentives and unamortised discounts granted to tenants both classified under "other assets" (note 22) as well as from deferred income.

The Company's investment property is measured at fair value. The Company holds one class of investment property being the Shacolas Emporium Park which includes a shopping mall and an IKEA store. During 2022, the Company took the decision to sell Annex 3 and Annex 4, therefore they were transferred from investment property to assets held for sale at a fair value of €16.177.000 (note 24).

The year-end carrying value of the property, incorporates an amount of €531.000, being the fair value of a solar panel system, which is regarded as an integral part of the building. The Company is currently expanding its solar panel system. Full installation and commencement of operation of additional panels is expected within 2023.

"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). Deferred income at each reporting date, is reclassified for fair value estimation purposes, to investment property, prior to the remeasurement of the latter to its fair value. The nature of the lease incentives are disclosed in note 22.

Deferred income of €19.667 (2021: €137.216) was reclassified to investment property.

Valuation processes of the Company

The Company's investment properties were most recently valued by management as at 31 December 2022. The investment property portfolio is typically appraised on an annual basis.

Management exercises judgment in evaluating the unprecedented set of circumstances caused by Covid-19 and the Russia-Ukraine conflict, which have accelerated inflation and inhibited growth hereby creating valuation uncertainty. The latter's valuation was reported as being subject to 'material valuation uncertainty' as set out in VPS3 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

18. Investment property (continued)

As part of the process for year-end financial reporting purposes, Management took into account the external valuation prepared as at 31 December 2022 by independent professionally qualified valuers Landtourist Valuations LLC, who possess a recognised relevant professional qualification and have recent experience in the locations and segments of the Investment properties valued. For all investment properties, their current use equates to the highest and best use. The Company's finance department reviews the valuation performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the CFO, Management, and the independent valuers at least once every year. At each financial year end the finance department:

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

Management has considered key assumptions and they have concluded on a fair value gain of the investment property value of €11.239.341 (2021: €8.194.630).

Bank borrowings are secured on the Company's investment property.

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 2022:

<u>Property</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Discount rate</u>	<u>Terminal</u>	<u>Revenue in year 1</u>	<u>Revenue growth %</u>
	<u>€</u>	<u>technique</u>	<u>%</u>	<u>capitalisation</u>	<u>€</u>	
				<u>rate</u>		
				<u>%</u>		
Cyprus	218.809.000	Income approach Discounted cash flows	4,25 - 10,00	4,25 - 8,00	15.594.375	3,00 - 4,00

Year end 31 December 2021:

<u>Property</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Discount rate</u>	<u>Terminal</u>	<u>Revenue in year 1</u>	<u>Revenue growth %</u>
	<u>€</u>	<u>technique</u>	<u>%</u>	<u>capitalisation</u>	<u>€</u>	
				<u>rate</u>		
				<u>%</u>		
Cyprus	207.800.000	Income approach Discounted cash flows	4,25 - 10,00	4,25 - 8,00	13.974.261	2,00 - 3,00

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For the year ended 31 December 2022

18. Investment property (continued)

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 categorised as a Level 3 fair value measurement, based on the inputs to the valuation technique used at each of 31 December 2022 and 31 December 2021. The sensitivity analysis is based on carrying value before reclassification to assets held for sale.

Sensitivity of Management's estimates 31 December 2022

Description	Change in cap rate	Change in discount rate		
		-0,50%	0,00%	0,50%
Cyprus Shopping Mall	-0,50%	234.776.000	230.122.000	225.578.000
	0,00%	222.842.000	218.809.000	214.180.000
	0,50%	212.546.000	208.395.000	204.341.000
Cyprus Shopping Mall	Change in revenue			
	-10,00%	200.123.000	196.198.000	192.366.000
	0,00%	222.842.000	218.809.000	214.180.000
	10,00%	245.551.000	240.720.000	236.004.000

Sensitivity of Management's estimates 31 December 2021

Description	Change in cap rate	Change in discount rate		
		-0,50%	0,00%	0,50%
Cyprus Shopping Mall	-0,50%	224.520.095	219.963.207	215.525.581
	0,00%	212.039.378	207.800.000	203.607.804
	0,50%	201.352.539	197.325.241	193.402.740
Cyprus Shopping Mall	Change in revenue			
	-10,00%	190.455.870	186.620.008	182.884.246
	0,00%	212.039.378	207.800.000	203.607.804
	10,00%	233.622.887	228.915.709	224.331.362

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Investment property (continued)

A change in the vacancy rate by 5%, i.e. should the occupied spaces decrease to 95% of the available area for tenancy, would lead to a decrease of the fair value from the base scenario by €9.070.000 (2021: €9.078.452), i.e. bringing fair value to €209.739.000 at 31 December 2022 (2021: €198.721.548).

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

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

Valuation techniques underlying management's estimation of fair value

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

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease
Capitalisation rate	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, revenue rates and vacancy rates, which rank as the most significant on an impact basis.

For investment property with a total carrying amount of € 218.809.000, 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. Loans receivable

Loans receivable from Atterbury Cyprus Limited:

	2022	2021
	€	€
Balance at 1 January	883.144	372.458
New loans granted	302.144	484.876
Interest charged (notes 13, 31.4)	55.089	25.810
Balance at 31 December	1.240.377	883.144

	2022	2021
	€	€
Loans to parent (note 31.4)	1.240.377	883.144
	1.240.377	883.144

The loans are repayable as follows:

	2022	2021
	€	€
Within one year	1.240.377	883.144

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

The fair values of receivables approximate to their carrying amounts as presented above.

The applicable interest rate is 3-month Euribor plus 4,08%. In 2022 fluctuation in the interest rate arise due to fluctuations in the EURIBOR while the margin remains constant. The interest income earned of €55.089 (2021: €25.810), was recognised in profit or loss in "finance income" (note 13).

20. Trade and other receivables

	2022	2021
	€	€
Trade receivables - gross	1.777.453	1.868.677
Other receivables - gross	327.426	269.795
Less: provision for impairment of receivables	(1.027.397)	(851.650)
Trade receivables - net	1.077.482	1.286.822
Receivables from related parties (note 31.3)	58.386	231.025
Unbilled service charges and additional licence fees to tenants	467.370	298.088
	1.603.238	1.815.935

The Company has recognised a net impairment loss of €388.651 (2021: €415.354 gain) on its trade receivables during the year ended 31 December 2022.

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

Unbilled service charges and additional licence fees to tenants mainly relate to: (i) additional licence fees recognised during the year not yet invoiced as at the year end and, (ii) common expenses incurred but not recharged to the tenants as at the year end. The Company had not, by year end, invoiced in full eligible amounts to be recharged to tenants. The billing took effect in 2023.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

20. Trade and other receivables (continued)

Movement in provision for impairment of receivables:

	2022	2021
	€	€
Balance at 1 January	851.650	1.928.627
Net impairment losses/(gains) recognised on receivables	388.651	(415.354)
Set offs against gross trade receivables	<u>(212.904)</u>	<u>(661.623)</u>
Balance at 31 December	<u>1.027.397</u>	<u>851.650</u>

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.

21. Financial assets at fair value through profit or loss

	2022	2021
	€	€
Balance at 1 January	-	-
Additions	1.455.000	-
Change in fair value	<u>420.221</u>	<u>-</u>
Balance at 31 December	<u>1.875.221</u>	<u>-</u>

On 15 December 2022, an agreement was signed between the bank and the Company in order to cap the 3m Euribor to 2,5% for a period of three years up to 15 December 2025. Total cost of the financial asset was €1.455.000. The financial asset was remeasured at fair value as at 31 December 2022 at €1.875.221, recognising a fair value gain the profit or loss for the year amounting to €420.221.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. Prepayments and other assets

	2022	2021
	€	€
Prepayments	268.730	568.523
Other assets - relocation incentives granted to tenants (amount prior to transfer to "investment property")	174.892	154.681
Other assets - unamortised discounts granted to tenants (amount prior to transfer to "investment property")	723.298	1.371.565
Less: reclassification of incentives and discounts to tenants to investment property (note 18)	<u>(898.190)</u>	<u>(1.526.246)</u>
Balance at 31 December	268.730	568.523
Less non-current portion of prepayments	<u>(103.260)</u>	<u>(66.210)</u>
Current portion	<u>165.470</u>	<u>502.313</u>

Prepayments at 31 December 2021 include a balance of €114.225 that relates to the capitalisation of specific expenditure during the year 2018, which is being recharged to the Company's tenants at the rate of 20% (i.e. over 5 years from the date of occurrence) on a straight line basis (such amounts are transferred from "prepayments" to "trade and other receivables" upon billing).

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

"Other assets – unamortised discounts granted to tenants" relates to additional discounts provided by the Company during the 2020 and 2021 financial years to its tenants. The discounts were granted due to the 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 years. The discounts qualify as rent concessions/lease modifications under IFRS16.

Both the aforementioned relocation incentives and discounts granted to tenants, are amortised to profit or loss over the remaining duration or term of each corresponding individual license/lease agreement. During the current year, an additional amount was incurred of €129.970 and €109.759 (2021: €257.470) has been discharged to profit or loss (note 8) with regards to these incentives. In addition, an amount of €43.989 (2021: €1.969.102) was incurred and recognised in other assets regarding discounts, and an amount of €626.430 (2021: €1.454.627) has been discharged to profit or loss (note 8).

The incentives and discounts to tenants at each reporting date, are reclassified for fair value estimation purposes, to investment property, prior to the remeasurement of the latter to its fair value (note 18).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23. Cash at bank and in hand

Cash balances are analysed as follows:

	2022	2021
	€	€
Cash in hand	567	212
Current accounts	1.505.835	358.302
Notice accounts *	<u>4.331.186</u>	<u>5.093.925</u>
	<u><u>5.837.588</u></u>	<u><u>5.452.439</u></u>

* Notice accounts relate to guarantee current accounts designated for loan repayments and are not restricted in use.

Management considers the deposits to fully meet the definitions of "cash equivalents", based on the agreed terms with Bank of Cyprus. Bank of Cyprus is the sole credit institution with which cash is held by the Company. Interest on short term bank deposits accrues at the annual rate between 0% and 3,40%.

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.

24. Assets classified as held for sale

	Investment property €
Additions	<u>16.177.000</u>
Balance at 31 December 2022	<u>16.177.000</u>

During 2022, the Company took the decision to sell Annex 3 and Annex 4 of the Mall, therefore they were transferred from investment property to assets held for sale (note 18).

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

The major classes of assets comprising the disposal group classified as held for sale are as follows:

	2022	2021
	€	€
Investment property	<u>16.177.000</u>	-
	<u><u>16.177.000</u></u>	<u><u>-</u></u>

25. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Ordinary shares of €0,50 each	<u>171.000.000</u>	<u>85.500.000</u>	<u>171.000.000</u>	<u>85.500.000</u>
Issued and fully paid				
Balance at 1 January	<u>100.000.000</u>	<u>50.000.000</u>	<u>100.000.000</u>	<u>50.000.000</u>
Balance at 31 December	<u>100.000.000</u>	<u>50.000.000</u>	<u>100.000.000</u>	<u>50.000.000</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

26. Borrowings

	2022	2021
	€	€
Balance at 1 January	88.188.134	95.540.659
Additions - loan from parent company	1.200.000	600.000
Repayments	(7.136.050)	(11.255.850)
Interest expense (note 13)	3.323.081	3.233.515
Loss on modification of borrowings	847.116	-
Amortisation of arrangement fees (note13)	79.214	69.810
Balance at 31 December	86.501.495	88.188.134

	2022	2021
	€	€
Current borrowings		
Bank loans	3.444.148	3.756.647
Loan from parent company (note 31.6)	1.800.000	600.000
	5.244.148	4.356.647

Non-current borrowings

Bank loans	81.257.347	83.831.487
Total	86.501.495	88.188.134

(a) Bank loans

On 22 July 2019 and subsequently revised and amended on 27 July 2020, the Company together with its parent and its fellow subsidiary, entered into a new loan agreement with Bank of Cyprus Public Company Limited for the purposes of refinancing existing banking facilities available to the Group at that time. The agreement comprises four distinct facilities as shown in the table below:

Facility	Commitment	Interest rate per initial agreement	Interest rate per amendment agreement	Maturity
Facility A	€20.000.000	3m Euribor + 4,00%	3m Euribor + 3,10%	15/06/2027
Facility B	€90.000.000	3m Euribor + 3,71%	3m Euribor + 3,10%	16/10/2033
Facility C	€18.900.000	3m Euribor + 3,65%	3m Euribor + 3,10%	15/05/2031
Ancillary Facility	€3.000.000	3m Euribor + 4,20%	3m Euribor + 4,20%	N/A

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

On 10 October 2019, the Bank of Cyprus Public Company Limited syndicated a portion of Facility B (a principal amount of €27.000.000) to Eurobank Cyprus Ltd, as permitted by the agreement, on the same terms and conditions as set out in the facility agreement.

On 9 February 2022, the Company signed an addendum agreement which increased the interest of facilities A and B from 3m Euribor + 3,40% to 3m Euribor + 3,50% while decreasing the monthly instalments, leading to a lump sum at maturity.

On 7 December 2022, the Company signed a restatement of the loan facility agreement decreasing the margin from 3,50% to 3,10% effective for a period of three years, until 15 December 2025 when the margin will return to 3,50%. As a result, a modification loss was recognised at the date of the modification, amounting to €847.116.

On 15 December 2022, an agreement was also signed between the bank and the Company in order to cap the 3m Euribor to 2,50% for a period of three years up to 15 December 2025 (note 21) for Facility B.

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

THE MALL OF CYPRUS (MC) PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

26. Borrowings (continued)

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

The bank loans (Facilities A, B and C) are secured as follows:

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

Securities are limited to the outstanding book balance of bank borrowings as at 31 December 2022 of €84.701.495 (2021: €87.588.134).

Maturity of non-current borrowings:

	2022	2021
	€	€
Between one to two years	3.441.471	3.615.157
Between two and five years	14.934.456	11.635.406
After five years	<u>62.881.420</u>	<u>68.580.924</u>
	<u>81.257.347</u>	<u>83.831.487</u>

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

	2022	2021
	%	%
Bank loans	3,77	3,44

The carrying amount of borrowings approximate their fair value.

(b) Loans due to parent company

The outstanding amount is interest free. The balance at period end, of €1.800.000, corresponds to the repayment by the parent of the payable in relation to the "Loizos" case (note 28).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

27. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (note 14). The applicable corporation tax rate in the case of tax losses is 12,5% (there are no tax losses available for offset at 31 December 2022 and 2021 respectively).

Deferred tax liability

	2022	2021
	€	€
Balance at 1 January	19.206.034	18.354.879
Fair value (losses)/gains on investment property	(1.711.286)	376.900
Difference between depreciation and wear & tear allowances	230.628	409.944
Accelerated tax benefit - discounts granted to tenants	(81.034)	64.311
Balance at 31 December	17.644.342	19.206.034

Deferred taxation liability arises as follows:

	2022	2021
	€	€
Accelerated tax depreciation - discounts granted to tenants	90.412	171.446
Fair value gains on investment property	10.165.836	11.877.122
Difference between depreciation and wear & tear allowances	7.388.094	7.157.466
	17.644.342	19.206.034

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 12.50%.
- Differences on revaluation of investment property: Land and Buildings classified as investment property, upon disposal would be taxed under the capital gains regime, at the rate of 20%.
- Differences due to discounts to tenants: Deferred tax liability arises based on the full claim during prior years of the corporation tax effect for the entire discounts granted to tenants. The amortisation of the capitalised amounts with respect to such discounts will be over the remaining duration of each corresponding lease agreement (note 22), will be ignored in arriving at future taxable profits, as such a timing difference arises.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

28. Provisions for other liabilities and charges

	Financial guarantee contracts €	Legal claims €	Total €
Balance at 1 January 2021	26.640	2.602.600	2.629.240
Transfer to "trade and other payables"	-	(2.500.000)	(2.500.000)
Transfer to profit or loss as "other income" (note 9)	-	(102.600)	(102.600)
Charged to profit or loss (note 11)	19.808	-	19.808
Balance at 31 December 2021/ 1 January 2022	46.448	-	46.448
Charged to profit or loss (note 11)	122.495	-	122.495
Balance at 31 December 2022	168.943	-	168.943

Provision on financial guarantee contracts:

This relates to the Company's estimated provisions in respect of the financial guarantees provided for bank loans of its parent and fellow subsidiary. The above estimate is the 12-month ECL, taking into account the probability of default of the guaranteed parties, the exposure at default and the loss given default. The Company acts as joint guarantor for bank loans of its parent and fellow subsidiary, with the amount of the guarantees at €38.800.000 (note 33). Guarantees are limited to the outstanding book amount of the loan balances of The Mall of Engomi (ME) plc of €28.888.175 (2021: €29.966.041).

Provisions for other liabilities-legal claims:

Provision for legal claims at 31 December 2020, represented Management's best estimate of obligations that might arise from the crystallisation of claims, including legal actions made against it, by the primary constructor of the Mall of Cyprus. On 31 August 2020, an arbitration ruling was issued, based on which the counterparty had been awarded €1.650.549 plus delayed payment interest, with the total amount burdening the Company as of the date of the decision, including interest (up to 31 December 2020) as well as associated arbitration fees, amounting to €2.602.600.

The former owner of the Company contractually indemnified Atterbury Cyprus Limited at the time of becoming a shareholder of the Company, of any losses that might crystallise in connection with the above deliberations.

During 2021, the Company entered into a settlement agreement, which revised the final obligation to €2.500.000 million. As such, €102.600 has been released in profit or loss as "other income", with the remainder reclassified to trade and other payables. During 2022, €1.200.000 was paid (2021: €600.000).

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For the year ended 31 December 2022

29. Trade and other payables

	2022	2021
	€	€
Trade payables	1.254.765	2.390.994
Retentions for construction work on investment property	5.123	3.673
Cash guarantee	198.018	198.018
VAT and other payables	1.081.476	677.502
Deposits by tenants	1.924.988	1.867.556
Payables to related companies (note 31.5)	21.776	-
	<u>4.486.146</u>	<u>5.137.743</u>
Less non-current payables	<u>(1.743.291)</u>	<u>(1.836.045)</u>
Current portion	<u>2.742.855</u>	<u>3.301.698</u>

"Trade payables" include an outstanding balance of €700.000 (2021: €1.900.000) that relates to a legal case which was agreed during prior year and is being settled in instalments.

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

"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.

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

30. Refundable taxes

	2022	2021
	€	€
Corporation tax (refundable)	<u>(94.962)</u>	<u>(266.166)</u>
	<u>(94.962)</u>	<u>(266.166)</u>

31. 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, is under common control, or exercise significant influence over the other party in making financial and operational decisions. Related Parties also include members of the Board and key members of the management. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

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

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

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For the year ended 31 December 2022

31. Main shareholders and related party transactions (continued)

The main shareholders of the Company as at 31 December 2022 and 31 December 2021 are (i) Brightbridge Real Estate Limited (Cyprus) through its indirect 48,59% shareholding in Atterbury Cyprus Limited (the parent company), (ii) Business Venture Investments No 1360 (Pty) Ltd (South Africa) through its indirect 24,29% shareholding in Atterbury Cyprus Limited and (iii) Pareto Limited (South Africa) through its indirect 24,29% shareholding in Atterbury Cyprus Limited.

The following transactions were carried out with related parties:

31.1 Directors' remuneration

The remuneration of Directors was as follows:

	2022	2021
	€	€
Directors' fees (note 11)	<u>2.500</u>	<u>2.500</u>
	<u>2.500</u>	<u>2.500</u>

31.2 Purchases of services / finance charges

Name	Nature of transactions	2022	2021
		€	€
Fliptype Holdings Limited - direct shareholder	Management fee charges	250.810	218.525
Atterbury Cyprus Limited - direct shareholder	Corporate service charges	73.198	73.198
Atterbury Europe Services B.V.	Management and commission fee charges	693.776	671.325
Brightbridge Real Estate Limited - indirect shareholder	Management fee charges	14.017	-
Atterbury Cyprus Limited - direct shareholder	Interest on loan	<u>55.089</u>	<u>25.810</u>
		<u>1.086.890</u>	<u>988.858</u>

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

31.3 Receivables from related parties (Note 20)

Name	2022	2021
	€	€
The Mall of Engomi (ME) Plc	55.236	231.025
Atterbury Europe B.V.	<u>3.150</u>	<u>-</u>
	<u>58.386</u>	<u>231.025</u>

The above is unsecured, does not bear any interest and has no specified repayment date.

31.4 Loans to related parties (Note 19)

Name	2022	2021
	€	€
Atterbury Cyprus Limited	<u>1.240.377</u>	<u>883.144</u>
	<u>1.240.377</u>	<u>883.144</u>

During the year, the parent company made no repayments to the Company (2021: €700.000) and received advances of €302.144 (2021: €1.159.065) from the Company in relation to the loan described in note 19. Interest received amounting to €55.089 (2021: €25.810) was recognised in the profit or loss for the year (note 13).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

31. Main shareholders and related party transactions (continued)

31.5 Payables to related parties (Note 29)

<u>Name</u>	2022 €	2021 €
Atterbury Cyprus Limited	<u>21.776</u>	-
	<u>21.776</u>	-

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

31.6 Loan from parent company (Note 26)

<u>Name</u>	2022 €	2021 €
Atterbury Cyprus Limited - parent entity	<u>1.800.000</u>	600.000
	<u>1.800.000</u>	<u>600.000</u>

The loan from the parent was provided interest free, and there was no specified repayment date.

32. Guarantees

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

- Atterbury Cyprus Limited guaranteed the loans of the Company up to an amount of €134.400.000.
- The Mall of Engomi (ME) Plc guaranteed the loans of the Company up to an amount of €134.400.000

33. Contingent liabilities

The Company acts as a guarantor to the bank loan of fellow subsidiary The Mall of Engomi (ME) Plc up to an amount of €23.200.000 and €15.600.000. 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.

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For the year ended 31 December 2022

34. Commitments

License fee / operating lease commitments where the Company is the lessor

License fee

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

Rental income on land assets

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

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

	2022	2021
	€	€
Within one year	7.866.393	12.667.895
Between one and five years	10.148.833	20.950.334
After five years	7.556.368	9.633.374
	<u>25.571.594</u>	<u>43.251.603</u>

A detailed maturity analysis of operating lease payments for years 2022 and 2021, is provided below:

	As at 31/12/2022	As at 31/12/2021
	€	€
Year 1	7.866.393	12.667.895
Year 2	4.797.740	7.209.437
Year 3	3.246.534	6.102.210
Year 4	1.595.584	4.599.257
Year 5	508.975	3.039.430
Year 6 onwards	7.556.368	9.633.374
Total	<u>25.571.594</u>	<u>43.251.603</u>

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

The 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

34. Commitments (continued)

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

35. Events after the reporting period

On 23 March 2023, the Board of Directors approved the payment of an interim dividend of €4.200.000 to its shareholders from the net profit of the year ended 31 December 2022.

Except from the matter mentioned above, 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 6 to 9