

**THE MALL OF CYPRUS (MC) PLC**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
For the year ended 31 December 2023

# THE MALL OF CYPRUS (MC) PLC

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## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

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# THE MALL OF CYPRUS (MC) PLC

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## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Martin Olivier George Mouskides (resigned 30 June 2023) Takis Christodoulou (resigned 30 June 2023) John George Mavrokordatos (resigned on 27 April 2023 and reappointed on 6 June 2023)
<b>Company Secretary:</b>	Montrago Services Limited
<b>Independent Auditors:</b>	Deloitte Limited Certified Public Accountants and Registered Auditors 24 Spyrou Kyprianou Avenue 1075 Nicosia Cyprus
<b>Legal Advisers:</b>	Elias Neocleous & Co LLC Ioannides Demetriou LLC A.G. Paphitis & Co. LLC
<b>Registered office:</b>	3 Verginas Street The Mall of Cyprus Strovolos 2025, Nicosia Cyprus
<b>Bankers:</b>	Bank of Cyprus Public Company Ltd Eurobank Cyprus Ltd
<b>Registration number:</b>	HE3941

# THE MALL OF CYPRUS (MC) PLC

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## MANAGEMENT REPORT

The Board of Directors of The Mall of Cyprus (MC) Plc (the "Company" or the "Mall") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2023.

### **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 2023 was €18.832.674 compared to €17.100.073 for the year ended 31 December 2022. The operating profit of the Company for the year was €15.749.116 (2022: €23.519.898).

The net profit for the year after tax amounted to €9.668.602 (2022: €20.095.169).

At 31 December 2023 the total assets of the Company were €230.884.578 (2022: €230.065.684) and the net assets of the Company were €119.208.899 (2022: €121.264.758). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

In 2023, the financial performance of the Mall showcased resilience and adaptability in the face of diverse market conditions. Despite encountering challenges such as inflationary pressures stemming from geopolitical tensions like the Russia/Ukraine conflict, the Mall demonstrated notable growth.

The footfall increased by 13% and tenant turnover by 11% compared to 2022. This growth trajectory underscores the Mall's ability to effectively rebound from the pandemic's initial setbacks and rebuild consumer trust and engagement.

The substantial increase in foot traffic throughout 2023 not only reflects renewed consumer interest but also underscores the Mall's ability to attract visitors and foster a vibrant shopping atmosphere. Concurrently, the rise in tenant turnover signifies dynamic activity within the Mall, with tenants capitalizing on increased consumer spending power and demand.

The introduction of new brands and store renovations further bolstered its appeal and reinforced its position as the preferred fashion destination for shoppers.

In summary, the Mall's financial performance for 2023 exemplifies a compelling narrative of growth, and adaptability, underscored by significant increases in foot traffic and tenant turnover despite the backdrop of ongoing geopolitical uncertainties and economic challenges.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in Notes 6, 7 and 33 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.

# THE MALL OF CYPRUS (MC) PLC

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## MANAGEMENT REPORT

### 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 2023 are at variable rates, except as disclosed in the financial statements.

As at 31 December 2023, the Company's liabilities which bore variable interest rates amounted to €88.713.560 (2022: €84.701.495). The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

The increase in the liabilities which bore variable interest rates is mostly as a result of a debt restructuring initiative undertaken in 2023, wherein the Company increased its bank borrowings by €7.500.000. Refer to Note 26.

### 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.

As at 31 December 2023 the Company's credit risk arises from trade and other receivables amounting to €1.380.733 (net, after cumulative expected credit losses of €763.576 (2022: €1.077.482 net, after cumulative expected credit losses of €1.027.397), loans receivable of €Nil (2022: €1.240.377) and bank balances amounting to €4.881.661 (2022: €5.837.021).

### 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 2023 the Company's net debt amounted to €83.825.510 (2022: €80.663.907) and total equity of €119.208.899 (2022: €121.264.758) leading to a gearing ratio of 41,29% (2022: 39,95%).

The weakening in the gearing ratio is as a result of a debt restructuring initiative undertaken in 2023, wherein the Company increased its bank borrowings by €7.500.000. Refer to Note 26.

### Results

The Company's results for the year are set out on page 11.

# THE MALL OF CYPRUS (MC) PLC

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## MANAGEMENT REPORT

### **Dividends**

On 21 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 (31 December 2021 net profit declared in 2022: €3.400.000).

On 26 October 2023 the Board of Directors approved the payment of an interim dividend of €7.524.461 to its shareholders.

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**

A level of uncertainty exists from challenges such as inflationary pressures stemming from geopolitical tensions like the Russia-Ukraine conflict, which might impact the stability of the Cyprus economy. Consequently, making reliable predictions about the ultimate outcomes is challenging, and there exists a possibility of variance between Management's present expectations and estimates and the actual results. As discussed in Note 1, the directors are of the view that the Company's going concern status and outlook is not compromised.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2023 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 2023, unless otherwise specified.

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

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

### **Directors' interests in the Company's share capital**

The members of the Board of Directors did not control directly or indirectly any part of the share capital of the Company, at 31 December 2023 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:

## THE MALL OF CYPRUS (MC) PLC

### MANAGEMENT REPORT

	22 April 2024 Percentage of shareholding %	31 December 2023 Percentage of shareholding %
<b>Direct shareholder:</b>		
Atterbury Cyprus Limited (Cyprus)	99,67%	99,67%
<b>Indirect shareholders (through their indirect holdings in Atterbury Cyprus Limited):</b>		
Business Venture Investments No 1360 (Pty) Ltd (South Africa)	24,92%	24,92%
Brightbridge Real Estate Limited (Cyprus)	49,83%	49,83%
Pareto Limited (South Africa)	24,92%	24,92%

#### 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, 22 April 2024

MONTRAGO SERVICES LIMITED

## THE MALL OF CYPRUS (MC) PLC

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the financial statements of The Mall of Cyprus (MC) Plc (the "Company") for the year ended 31 December 2023, on the basis of our knowledge, declare that:

(a) The annual financial statements of the Company which are presented on pages 11 to 58:

(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

John George Mavrokordatos - Director



#### Responsible for drafting the financial statements

Antonia Constantinou (Financial Controller)



Nicosia, 22 April 2024



## 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 11 to 58 and comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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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## Independent Auditor's Report (continued)

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

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

#### Description of key audit matter

##### Valuation of investment property

The Company's investment property portfolio amounted to €223,3 million as at 31 December 2023 (2022: €218,8 million including assets classified as held for sale) and the net fair value gains on investment property recorded in the statement of comprehensive income amounted to €2,7 million (2022: €11,2 million). Investment property comprises 97% of the Company's total assets. The Company measures its investment properties at fair value.

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 arising from the Russia-Ukraine conflict, the Eastern Mediterranean conflicts, climate change as well as accelerated inflation and increased borrowing costs that has created uncertainty undermining the growth of the property market.

Refer to Note 4 "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, we (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.
- Reviewed the sensitivity analysis on the significant assumptions included in the investment property valuations and evaluated the extent of their impact on the determination of fair values.
- 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.

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 IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113 and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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, 22 April 2024

# THE MALL OF CYPRUS (MC) PLC

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 €	2022 €
<b>Rights for use of space and other revenue</b>	8	<b>18.832.674</b>	17.100.073
Valuation (loss)/gain on financial assets at fair value through profit or loss	21	<b>(1.025.970)</b>	420.221
Other operating income	9	<b>2.071.657</b>	885.552
Fair value gains on investment property	10	<b>2.655.530</b>	11.239.341
Impairment loss on trade and other receivables	20	<b>(62.441)</b>	(388.651)
Administration and other operating and selling expenses	11	<b>(6.722.334)</b>	(5.736.638)
<b>Operating profit</b>		<b>15.749.116</b>	23.519.898
Finance income	13	<b>126.154</b>	57.050
Finance costs	13	<b>(4.981.007)</b>	(3.425.361)
Loss on loan modification	26	<b>-</b>	(847.116)
<b>Profit before tax</b>		<b>10.894.263</b>	19.304.471
Tax (charge)/credit	14	<b>(1.225.661)</b>	790.698
<b>Profit for the year</b>		<b>9.668.602</b>	20.095.169
<b>Other comprehensive income</b>		<b>-</b>	-
<b>Total comprehensive income for the year</b>		<b>9.668.602</b>	20.095.169
<b>Earnings per share attributable to equity holders (cent) - basic and diluted</b>	15	<b>9,67</b>	20,10

The notes on pages 15 to 58 form an integral part of these financial statements.

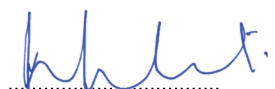
# THE MALL OF CYPRUS (MC) PLC

## STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	2023 €	2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	17	313.311	336.568
Investment property	18	223.284.970	202.632.000
Prepayments and other assets	22	30.000	103.260
		<u>223.628.281</u>	<u>203.071.828</u>
<b>Current assets</b>			
Trade and other receivables	20	1.381.012	1.603.238
Loans receivable	19	-	1.240.377
Financial assets at fair value through profit or loss	21	849.251	1.875.221
Prepayments and other assets	22	134.609	165.470
Refundable taxes	30	3.375	94.962
Cash at bank and in hand	23	4.888.050	5.837.588
		<u>7.256.297</u>	<u>10.816.856</u>
Assets classified as held for sale	24	-	16.177.000
<b>TOTAL ASSETS</b>		<u>230.884.578</u>	<u>230.065.684</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	25	50.000.000	50.000.000
Retained earnings		69.208.899	71.264.758
<b>Total equity</b>		<u>119.208.899</u>	<u>121.264.758</u>
<b>Non-current liabilities</b>			
Borrowings	26	85.416.703	81.257.347
Trade and other payables	29	1.325.259	1.743.291
Deferred tax liabilities	27	18.075.634	17.644.342
		<u>104.817.596</u>	<u>100.644.980</u>
<b>Current liabilities</b>			
Trade and other payables	29	3.462.774	2.742.855
Borrowings	26	3.296.857	5.244.148
Provisions for other liabilities and charges	28	98.452	168.943
		<u>6.858.083</u>	<u>8.155.946</u>
<b>Total liabilities</b>		<u>111.675.679</u>	<u>108.800.926</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>230.884.578</u>	<u>230.065.684</u>

On 22 April 2024 the Board of Directors of The Mall of Cyprus (MC) Plc authorised these financial statements for issue.



John George Mavrokordatos  
Director



Martin Olivier  
Director

The notes on pages 15 to 58 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 2023

	Note	Share capital €	Retained earnings €	Total €
<b>Balance at 1 January 2022</b>		<b>50.000.000</b>	<b>54.569.589</b>	<b>104.569.589</b>
<b>Comprehensive income</b>				
Net profit for the year		-	20.095.169	20.095.169
<b>Transactions with owners</b>				
Dividends	16	-	(3.400.000)	(3.400.000)
<b>Balance at 31 December 2022/ 1 January 2023</b>		<b>50.000.000</b>	<b>71.264.758</b>	<b>121.264.758</b>
<b>Comprehensive income</b>				
Net profit for the year		-	9.668.602	9.668.602
<b>Transactions with owners</b>				
Dividends	16	-	(11.724.461)	(11.724.461)
<b>Balance at 31 December 2023</b>		<b>50.000.000</b>	<b>69.208.899</b>	<b>119.208.899</b>

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% (2022: 2,65%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 15 to 58 form an integral part of these financial statements.

# THE MALL OF CYPRUS (MC) PLC

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 €	2022 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>10.894.263</b>	19.304.471
Adjustments for:			
Depreciation of property and equipment	17	<b>75.456</b>	65.722
Fair value gains on investment property	18	<b>(2.655.530)</b>	(11.239.341)
Fair value losses/(gains) on financial assets at fair value	21	<b>1.025.970</b>	(420.221)
Interest income	13	<b>(126.154)</b>	(57.050)
Interest expense	13,26	<b>4.981.007</b>	3.346.135
Movement in provision for financial guarantees	11,28	<b>(70.491)</b>	122.495
Loss on loan modification and amortisation of loan issue costs	26	<b>-</b>	926.330
		<b>14.124.521</b>	12.048.541
<b>Changes in working capital:</b>			
Decrease in trade and other receivables		<b>65.059</b>	214.658
Decrease in prepayments and other assets		<b>104.121</b>	299.793
Increase in trade and other payables		<b>634.144</b>	1.058.910
<b>Cash generated from operations</b>		<b>14.927.845</b>	13.621.902
Tax paid		<b>(684.310)</b>	(599.790)
<b>Net cash generated from operating activities</b>		<b>14.243.535</b>	13.022.112
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property and equipment	17	<b>(52.199)</b>	(40.549)
Payment for additions to investment property	18	<b>(1.774.181)</b>	(280.166)
Loans granted to parent	19	<b>-</b>	(302.144)
Interest received		<b>74.027</b>	-
Increase in financial assets at fair value through profit or loss	21	<b>-</b>	(1.455.000)
<b>Net cash used in investing activities</b>		<b>(1.752.353)</b>	(2.077.859)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of bank borrowings	26	<b>(3.906.380)</b>	(3.872.176)
Advances to parent company	26	<b>(986.151)</b>	-
Interest paid	26	<b>(4.708.042)</b>	(3.263.874)
Dividends paid	16	<b>(4.224.461)</b>	(3.400.000)
Refunds related to interest rate hedge		<b>450.118</b>	-
Other interest paid		<b>(65.804)</b>	(23.054)
<b>Net cash used in financing activities</b>		<b>(13.440.720)</b>	(10.559.104)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(949.538)</b>	385.149
Cash and cash equivalents at beginning of the year		<b>5.837.588</b>	5.452.439
<b>Cash and cash equivalents at end of the year</b>	23	<b>4.888.050</b>	5.837.588

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

The notes on pages 15 to 58 form an integral part of these financial statements.



# THE MALL OF CYPRUS (MC) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 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

A level of uncertainty exists from challenges such as inflationary pressures stemming from geopolitical tensions like the Russia-Ukraine conflict, which might impact the stability of the Cyprus economy. Consequently, making reliable predictions about the ultimate outcomes is challenging, and there exists a possibility of variance between Management's present expectations and estimates and the actual results. The directors are of the view that the Company's going concern status and outlook is not compromised.

#### 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:

- 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.
- the implementation of an all-round plan of managing relationships with tenants
- containment of operational costs

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

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

With respect to this scenario, the Company maintains a positive cash and net working capital position (excluding short-term loan obligations to related entities) and based on its cashflow forecasts extended to year 2024 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 2023

### 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. 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 may in future continue to face financial risks. This is an issue that is being appropriately managed with continuous monitoring of the tenants' ongoing situation.

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 new and amended IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in the EU for an accounting period that begins on or after 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### IFRS 17 Insurance Contracts (including the June 2020 and December 2022 Amendments to IFRS 17)

The new standard had no impact on the Company's financial statements.

### Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their material accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

# THE MALL OF CYPRUS (MC) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

#### Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors— Definition of Accounting Estimates

The amendments had no impact on the Company's financial statements.

#### Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments had no impact on the Company's financial statements

#### Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules as its revenue is less than €750 million per year.

### 4. 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.

#### **Segmental reporting**

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

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. Accounting policies (continued)

#### Revenue

##### Recognition and measurement

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

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

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

Incentives granted to tenants (such as relocation incentives that are typically provided to aid tenants in bringing newly occupied tenancy space in operational condition for their intended business use and that are considered lessee assets) 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.

- **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.

# THE MALL OF CYPRUS (MC) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. Accounting policies (continued)

#### Employee benefits

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

#### 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.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. Accounting policies (continued)

#### Tax (continued)

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
Computer hardware and software	33
Art works	Nil

No depreciation is provided on land.

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.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. Accounting policies (continued)

#### Investment property

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

After initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these financial statements 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.

#### 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 2023

### 4. 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 2023

### 4. 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 2023

### 4. 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 2023

### 4. 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

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. Accounting policies (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.

#### **Share capital**

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

# THE MALL OF CYPRUS (MC) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. Accounting policies (continued)

#### Provisions

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

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

#### Non-current liabilities

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

#### Deferred income

In the normal course of the business, the Company may enter into specific arrangements with tenants, for the latter to cover portions of capital improvements that result in the enhancement of the Company's investment property and for which tenants have no recourse against the Company. Such payments made by the Company on behalf of tenants for additional construction work and alterations made to the Company's investment property under leasing arrangements, are initially recorded in deferred income 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 or amend disclosures relevant to the prior 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:

#### 5.1 New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the EU

##### Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 5. New accounting pronouncements (continued)

#### **New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the EU (continued)**

The effective date of the amendments has yet to be set by the IASB. The directors of the company anticipate that the application of these amendments will not have an impact on the Company's financial statements in future periods.

#### Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments.

#### Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023 effective for annual reporting periods beginning on or after 1 January 2025)

The amendments state that a currency is exchangeable when an entity is able to exchange that currency for another currency through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose.

A currency is not exchangeable into another currency if an entity can only obtain an insignificant amount of the other currency.

If a currency is not exchangeable at the measurement date, the entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction between market participants at the measurement date under prevailing economic conditions.

If a currency is not exchangeable, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

An entity does not apply the amendments retrospectively. Instead, an entity recognises any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. If an entity uses a presentation currency other than its functional currency, it recognises the cumulative amount of translation differences in equity.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 5. New accounting pronouncements (continued)

#### New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the EU (continued)

#### 5.2 New and revised IFRS Accounting Standards adopted by the EU in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective in the EU:

#### Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback (Effective for annual reporting periods beginning on or after 1 January 2024)

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee 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.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

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 Company is currently assessing the impact of the amendments on its financial statements.

#### 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 to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

The Company is currently assessing the impact of the amendments on its financial statements.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 5. New accounting pronouncements (continued)

#### New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the EU (continued)

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

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted.

The Company is currently assessing the impact of the amendments on its financial statements.

### 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 2023 would have increased equity and profit or loss by €42.463 (2022: €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:

	2023 €	2022 €
<b>Variable rate instruments</b>		
Financial assets - cash at bank and loans receivable	4.881.661	7.077.398
Financial liabilities - loans payable	(88.713.560)	(84.701.495)
	<u>(83.831.899)</u>	<u>(77.624.097)</u>



# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 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 2023 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.

	Profit or loss	
	2023	2022
	€	€
Variable rate instruments	<u>838.319</u>	<u>776.241</u>
	<u><b>838.319</b></u>	<u><b>776.241</b></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/instrument) subject to the expected credit loss model is set out below:

##### **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 120 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 2023

### 6. Financial risk management (continued)

#### 6.3 Credit risk (continued)

*Impairment of financial assets (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:

	<b>Trade receivables from tenants and other receivables</b>	
	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
Individual assessment	<b>686.199</b>	1.467.892
Collective assessment	<b>1.458.110</b>	636.987
Total gross receivables (before provisions)	<b><u>2.144.309</u></b>	<b><u>2.104.879</u></b>

	<b>Loss allowance</b>	
	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
Individual assessment	<b>666.658</b>	930.479
Collective assessment	<b>96.918</b>	96.918
Total	<b><u>763.576</u></b>	<b><u>1.027.397</u></b>

The closing loss allowances (under collective and individual assessments) for trade and other receivables as at 31 December 2023 reconcile to the opening loss allowances as follows:

	<b>Trade receivables</b>	
	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
Balance at 1 January	<b>1.027.397</b>	851.650
Impairment losses/(reversals) recognised on receivables in profit or loss during the year - net	<b>62.441</b>	388.651
Set-offs against gross trade receivables	<b><u>(326.262)</u></b>	<b><u>(212.904)</u></b>
<b>Balance at 31 December</b>	<b><u>763.576</u></b>	<b><u>1.027.397</u></b>

Management of the Company continued to implement a dual model of impairment determination, on an individual as well as collective assessment for year 2023, 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 2023

### 6. Financial risk management (continued)

#### 6.3 Credit risk (continued)

*Impairment of financial assets (continued)*

#### Trade and other receivables (continued)

For tenant receivables under collective assessment for year 2023 and 2022, a matrix approach was followed based on groupings of customers with common industry characteristics (segments). The Company remodelled the applicable groupings for 2023 compared to 2022. 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 2023 was €96.918 (2022: €96.918). Information about the provision matrices applied for the 2023 collective assessment exercise is as follows:

Tenant sector	Loss rates
Food and beverage	5%
Fashion	8%
Other	28%

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. During 2023, an amount of €326.262 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 €641.241 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

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 6. Financial risk management (continued)

#### 6.3 Credit risk (continued)

##### *Impairment of financial assets (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)**

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

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

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

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 120 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

#### **Receivables from related parties**

The Company has a receivable amount of €279 due from The Mall of Limassol (ML) Ltd, a related party, 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 2023

### 6. Financial risk management (continued)

#### 6.3 Credit risk (continued)

*Impairment of financial assets (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 2023, the Company has all of its cash deposited with a single financial institution with an external credit rating of Baa3 (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 2023	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	88.713.560	138.918.331	2.353.999	6.994.159	9.079.062	29.574.390	90.916.721
Trade and other payables	2.487.054	2.487.054	2.487.054	-	-	-	-
Financial guarantees - contractual amount	38.800.000	38.800.000	38.800.000	-	-	-	-
Payables to related parties	78.401	78.537	78.537	-	-	-	-
Loan from parent company	213.149	213.149	213.149	-	-	-	-
	<b>130.292.164</b>	<b>180.497.071</b>	<b>43.932.739</b>	<b>6.994.159</b>	<b>9.079.062</b>	<b>29.574.390</b>	<b>90.916.721</b>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 6. Financial risk management (continued)

#### 6.4 Liquidity risk (continued)

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	-	-	-	-
	<b>128.508.147</b>	<b>165.951.835</b>	<b>45.774.955</b>	<b>5.890.861</b>	<b>7.675.941</b>	<b>26.387.631</b>	<b>80.222.447</b>

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. The balance outstanding by the fellow subsidiary was €20.193.815 at 31 December 2023.

#### 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 less cash and cash equivalents. 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:

	2023 €	2022 €
Total borrowings (Note 26)	88.713.560	86.501.495
Less: Cash and cash equivalents (Note 23)	(4.888.050)	(5.837.588)
Net debt	83.825.510	80.663.907
Total equity	119.208.899	121.264.758
<b>Total capital</b>	<b>203.034.409</b>	<b>201.928.665</b>
<b>Gearing ratio</b>	<b>41,29%</b>	<b>39,95%</b>

The weakening of the gearing ratio during the year ended 31 December 2023 resulted primarily from the Company obtaining an additional facility of €7.500.000 with the Bank of Cyprus. Refer to Note 26.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 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 the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### *Critical accounting estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- **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 valuation uncertainty caused by high levels of inflation and high borrowing costs as well as external risks of the Russian-Ukraine conflict, climate change and the political instability in the Eastern Mediterranean have led to uncertainty 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 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 of the situation in Ukraine, climate change, the political instability in the Eastern Mediterranean and other factors such as accelerated inflation and increased borrowings rate. Management therefore will be revisiting the valuation of the property at the necessary frequency, as needed. Refer to Note 18 for details of assumptions used and sensitivity analysis performed on key inputs to the valuation exercise.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

- **Fair value of financial assets (accounting estimate)**

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.

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

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

- **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 does 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	2023 €	2022 €
Rights for use of space - minimum licence fees (i)	14.112.144	12.911.278
Rights for use of space - additional licence fees (i)	310.446	220.221
Lease related income from tenant contributions (ii)	9.458	92.280
Lease related expenses from relocation incentives granted (iii)	(107.676)	(109.759)
Lease related expenses from discounts granted (iv)	(314.734)	(626.430)
Lease income from land lease (i)	793.114	701.977
<b>Total lease income</b>	<b>14.802.752</b>	<b>13.189.567</b>
Revenue from service charge, utilities and other recoveries	4.029.922	3.910.506
	<b>18.832.674</b>	<b>17.100.073</b>

(i) Income from the "Rights of use of space" relates to license/lease agreements that were in effect during 2023. 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 2019 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).



# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 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 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 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

	2023 €	2022 €
Financial guarantee income	70.491	-
Reimbursement of legal expenses	-	120.000
Bad debts recovered	362.212	122.758
Termination of asset management agreement with Fliptype (Note 11)	752.500	-
Promotional and other income	886.454	642.794
	<b>2.071.657</b>	<b>885.552</b>

Other operating income includes sundry amounts such as income from advertising, car parking fees and electricity income.

Other income in 2023 includes the reimbursement of the settlement for Fliptype Holdings Limited's asset management contract for an amount of €752.500 by Atterbury Europe Services B.V.

### 10. Fair value gains on investment property

	2023 €	2022 €
Fair value gains on investment property (Note 18)	2.655.530	11.239.341
	<b>2.655.530</b>	<b>11.239.341</b>

### 11. Administration and other operating and selling expenses

	2023 €	2022 €
Licenses and taxes	54.666	61.627
Insurance	65	668
Repairs and maintenance	132.440	34.577
Auditor's remuneration for statutory audit purposes	46.000	45.000
Directors' fees (Note 31.1)	3.125	2.500
Other professional fees	318.736	320.673
Financial guarantee provision (Note 28)	-	122.495
Bad debts written off	168.003	37.173
Termination of asset management agreement with Fliptype (Note 9)	752.500	-
Management fees	564.291	481.946
Other expenses	57.410	4.777
Legal expenses	-	120.000
Bank charges	27.882	12.655
Property management, maintenance and utility costs *	4.521.760	4.426.825
Depreciation (Note 17)	75.456	65.722
	<b>6.722.334</b>	<b>5.736.638</b>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 11. Administration and other operating and selling expenses (continued)

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

	2023	2022
Building and infrastructure-related expenses	105.826	260.751
Electricity and other utility expenses	1.594.970	1.315.841
Refuse and cleaning expenses	349.055	393.132
Payroll and property management fees	815.739	797.747
Repairs and maintenance expenses	541.228	537.552
Security expenses	360.984	399.423
Marketing expense	436.151	434.809
Insurance expenses	257.586	211.572
Other sundry expenses	60.221	75.998
	<b>4.521.760</b>	<b>4.426.825</b>

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 2023 amounted to €46.000 (2022: €45.000). The total fees charged by the Company's statutory auditor for the year ended 31 December 2023 for tax services and for other assurance services was €3.200 (2022: €3.200).

### 12. Staff costs

	2023 €	2022 €
Salaries	449.424	371.913
Social security costs	50.577	49.011
GHS contribution	11.910	9.856
	<b>511.911</b>	<b>430.780</b>
Average number of employees	<b>14</b>	<b>13</b>

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

### 13. Finance income/costs

	2023 €	2022 €
<b>Finance income</b>		
Interest from related parties (Note 19)	70.370	55.089
Other interest	55.784	1.961
	<b>126.154</b>	<b>57.050</b>
<b>Interest expense</b>		
Loan interest (Note 26)	(4.933.037)	(3.402.295)
Hedging fees	(36.400)	-
Interest on loan from related company (Note 26)	(10.046)	-
Other interest	-	(22.881)
Interest on taxes	(1.524)	(173)
<b>Net foreign exchange losses</b>		
Realised foreign exchange losses	-	(12)
	<b>(4.981.007)</b>	<b>(3.425.361)</b>
<b>Net finance costs</b>	<b>(4.854.853)</b>	<b>(3.368.311)</b>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 14. Tax

	2023	2022
	€	€
Corporation tax - current year	749.587	753.203
Corporation tax - prior years	8.763	-
Defence contribution - current year	36.020	17.791
Deferred tax - charge/(credit) (Note 27)	431.291	(1.561.692)
<b>Charge/(credit) for the year</b>	<b>1.225.661</b>	<b>(790.698)</b>

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

	2023	2022
	€	€
Profit before tax	10.894.263	19.304.471
Tax calculated at the applicable tax rates	1.361.783	2.413.059
Tax effect of expenses not deductible for tax purposes	221.182	216.634
Tax effect of allowances and income not subject to tax	(771.297)	(1.876.490)
Tax effect of tax losses brought forward	(62.081)	-
Defence contribution current year	36.020	17.791
Deferred tax	431.291	(1.561.692)
Prior year tax	8.763	-
<b>Tax charge</b>	<b>1.225.661</b>	<b>(790.698)</b>

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%.

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

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2023	2022
<b>Profit attributable to shareholders (€)</b>	<b>9.668.602</b>	<b>20.095.169</b>
Weighted average number of ordinary shares in issue during the year	100.000.000	100.000.000
<b>Profit/(loss) per share attributable to equity holders (cent) - basic and diluted</b>	<b>9,67</b>	<b>20,10</b>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 16. Dividends

	2023 €	2022 €
Interim dividends paid	<u>11.724.461</u>	<u>3.400.000</u>
	<u>11.724.461</u>	<u>3.400.000</u>

On 21 March 2023 the Board of Directors approved the payment of an interim dividend of €4.200.000 in cash to its shareholders from the net profit of the year ended 31 December 2022 (dividend from 31 December 2021 net profit declared in 2022: €3.400.000).

On 26 October 2023 the Board of Directors approved the payment of an interim dividend of €7.524.461 to its shareholders of which €24.461 was paid in cash. The remaining €7.500.000 payable to Atterbury Cyprus Limited, the Company's parent, was recorded on the loan account with Atterbury Cyprus Limited. Subsequently, Atterbury Cyprus ceded and assigned the loan receivable from Mall of Cyprus to the Mall of Engomi. As a result, Mall of Cyprus owed Mall of Engomi the €7.500.000. On 15 November 2023, Mall of Cyprus obtained a new loan facility (Facility D), with terms substantially similar to its existing bank loans, for an amount of €7.500.000 from Bank of Cyprus and Eurobank to repay the outstanding loan owed to Mall of Engomi.

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.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 17. Property and equipment

	Artworks	Leasehold property improv.	Plant and machinery	Signs	Furniture, fixtures and office equipment	Computer Software	Computer hardware	Total
	€	€	€	€	€	€	€	€
<b>Cost</b>								
Balance at 1 January 2022	140.490	58.500	1.373.404	414.458	658.840	-	155.651	2.801.343
Additions	-	-	40.549	-	-	-	-	40.549
<b>Balance at 31 December 2022/ 1 January 2023</b>	<b>140.490</b>	<b>58.500</b>	<b>1.413.953</b>	<b>414.458</b>	<b>658.840</b>	<b>-</b>	<b>155.651</b>	<b>2.841.892</b>
Additions	-	-	9.294	-	9.190	3.336	30.379	52.199
<b>Balance at 31 December 2023</b>	<b>140.490</b>	<b>58.500</b>	<b>1.423.247</b>	<b>414.458</b>	<b>668.030</b>	<b>3.336</b>	<b>186.030</b>	<b>2.894.091</b>
<b>Depreciation</b>								
Balance at 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
<b>Balance at 31 December 2022/ 1 January 2023</b>	<b>-</b>	<b>58.500</b>	<b>1.297.279</b>	<b>383.270</b>	<b>611.104</b>	<b>-</b>	<b>155.171</b>	<b>2.505.324</b>
Charge for the year	-	-	46.364	11.291	11.952	278	5.571	75.456
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>58.500</b>	<b>1.343.643</b>	<b>394.561</b>	<b>623.056</b>	<b>278</b>	<b>160.742</b>	<b>2.580.780</b>
<b>Net book amount</b>								
<b>Balance at 31 December 2023</b>	<b>140.490</b>	<b>-</b>	<b>79.604</b>	<b>19.897</b>	<b>44.974</b>	<b>3.058</b>	<b>25.288</b>	<b>313.311</b>
<b>Balance at 31 December 2022</b>	<b>140.490</b>	<b>-</b>	<b>116.674</b>	<b>31.188</b>	<b>47.736</b>	<b>-</b>	<b>480</b>	<b>336.568</b>

### 18. Investment property

	2023 €	2022 €
Balance at 1 January	202.632.000	207.800.000
Additions	2.109.388	280.166
Lease incentives and deferred income adjustment net of amortisation	(288.948)	(510.507)
Transfer from assets classified as held for sale (Note 24)	16.177.000	-
Fair value adjustment based on external valuer's assessment (Note 10)	2.655.530	11.239.341
Open market value per external valuation at 31 December	223.284.970	218.809.000
Transfer to assets classified as held for sale (Note 24)	-	(16.177.000)
<b>Balance at 31 December</b>	<b>223.284.970</b>	<b>202.632.000</b>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 18. Investment property (continued)

The investment properties are valued annually at fair value, comprising open market value based on valuations by an independent, professionally qualified valuer. Fair value is based on an active market process, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are typically prepared annually by independent valuers and reviewed and adopted by management. Changes in fair value are recorded in profit or loss and are included in "fair value 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 on 31 December 2023 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 2023, the Company decided not to proceed with the sale of Annex 3 and Annex 4, therefore they were transferred back from assets held for sale to investment property (Note 24).

The year-end carrying value of the property, incorporates an amount of €2.931.000, being the fair value of a solar panel system, which is regarded as an integral part of the building. The Company expanded its solar panel system in 2023. Full installation and commencement of operation of additional panels took place in 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 €13.205 (2022: €19.667) 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 2023. The investment property portfolio is typically appraised on an annual basis.

Management exercises judgment in evaluating the valuation uncertainty caused by high levels of inflation and high borrowing costs as well as external risks of the Russian-Ukraine conflict, climate change and the political instability in the Eastern Mediterranean 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 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.

As part of the process for year-end financial reporting purposes, Management took into account the external valuation prepared as at 31 December 2023 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.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 18. Investment property (continued)

Management has considered key assumptions and they have concluded on a fair value gain of the investment property value of €2.655.530 (2022: €11.239.341).

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 2023:

<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	223.284.970	Income approach Discounted cash flows	6,00 - 9,75 -	4,00 - 7,75	16.434.066	2,00 - 3,00

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

#### *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 2023 and 31 December 2022. The sensitivity analysis for 2022 is based on carrying value before reclassification to assets held for sale.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 18. Investment property (continued)

#### Sensitivity of Management's estimates 31 December 2023

<u>Description</u>	<u>Change in cap rate</u>	<u>Change in discount rate</u>		
		<u>-0,50%</u>	<u>0,00%</u>	<u>0,50%</u>
Cyprus Shopping Mall	-0,50%	240.237.970	232.058.970	224.245.970
	0,00%	231.047.970	223.284.970	215.862.970
	0,50%	223.167.970	215.757.970	208.673.970
Cyprus Shopping Mall	<u>Change in revenue</u>			
	-0,50%	207.267.970	200.313.970	193.666.970
	0,00%	231.047.970	223.284.970	215.862.970
	0,50%	254.828.970	246.252.970	238.057.970

#### Sensitivity of Management's estimates 31 December 2022

<u>Description</u>	<u>Change in cap rate</u>	<u>Change in discount rate</u>		
		<u>-0,50%</u>	<u>0,00%</u>	<u>0,50%</u>
Cyprus Shopping Mall	-0,50%	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	<u>Change in revenue</u>			
	-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

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 €10.472.000 (2022: €9.070.000), i.e. bringing fair value to €212.812.970 at 31 December 2023 (2022: €209.739.000).

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.



# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 18. Investment property (continued)

#### 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 €223,284,970, 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.

### 19. Loans receivable

Loans receivable from Atterbury Cyprus Limited:

	2023	2022
	€	€
Balance at 1 January	1,240,377	883,144
New loans granted	-	302,144
Interest charged (Notes 13, 31.4)	70,370	55,089
Set off against borrowings (Note 26)	(1,310,747)	-
<b>Balance at 31 December</b>	<b>-</b>	<b>1,240,377</b>

	2023	2022
	€	€
Loans to parent (Note 31.4)	-	1,240,377
	<b>-</b>	<b>1,240,377</b>

The loans are repayable as follows:

	2023	2022
	€	€
Within one year	-	1,240,377

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 MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 19. Loans receivable (continued)

The loan was unsecured, denominated in Euro, and bore interest of 3-month Euribor plus 4,20% and has no fixed repayment terms. Due to increases in the 3 month Euribor during the year, the applicable interest rate was adjusted every three months, reaching 8,43% by the year end 31 December 2023 (2022: 6,66%). Total interest income recognised during the year ended 31 December 2023 amounted to €70.067 (2022: €55.089).

During 2023, management approved the offsetting of the loan payable to Atterbury Cyprus Ltd regarding the Loizos case with the loan receivable from Atterbury Cyprus Limited (refer to Note 26) resulting in a net loan payable position at 31 December 2023.

### 20. Trade and other receivables

	2023	2022
	€	€
Trade receivables - gross	1.529.633	1.777.453
Other receivables - gross	614.676	327.426
Less: provision for impairment of receivables	(763.576)	(1.027.397)
Trade receivables - net	1.380.733	1.077.482
Receivables from related parties (Note 31.3)	279	58.386
Unbilled service charges and additional licence fees to tenants	-	467.370
	<b>1.381.012</b>	<b>1.603.238</b>

The Company has recognised a net impairment loss of €62.441 (2022: €388.651) on its trade receivables during the year ended 31 December 2023.

In 2022, the other receivables primarily related to amounts due for road construction works done in close proximity to the mall, which the Company had a claim for from the local municipality. The amount was included in the provision for impairment of receivables balance in 2022. During 2023 the amount due was recovered from the local municipality.

In 2023 the other receivables balance mainly relate to uninvoiced additional license fees and utilities which was invoiced in January 2024.

Unbilled service charges and additional licence fees to tenants in 2022 mainly related 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 prior year end, invoiced in full eligible amounts to be recharged to tenants. The billing took effect in 2023. During 2023, the common expenses charged to tenants were higher than the actual costs. Therefore, the service charges is presented as a payable at 31 December 2023. Refer to Note 29.

The Company has recognised a loss of €168.003 (2022: €37.173) for the write off of trade receivables during the year ended 31 December 2023. The loss has been included in selling and distribution costs in profit or loss.

The Company does not hold any collateral over the trading balances.

Movement in provision for impairment of receivables:

	2023	2022
	€	€
Balance at 1 January	1.027.397	851.650
Net impairment losses recognised on receivables	62.441	388.651
Set offs against gross trade receivables	(326.262)	(212.904)
<b>Balance at 31 December</b>	<b>763.576</b>	<b>1.027.397</b>

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.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 21. Financial assets at fair value through profit or loss

	2023 €	2022 €
Balance at 1 January	1.875.221	-
Additions	-	1.455.000
Change in fair value	(1.025.970)	420.221
<b>Balance at 31 December</b>	<b>849.251</b>	<b>1.875.221</b>

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 2023 at €849.251 (31 December 2022: €1.875.221), recognising a fair value loss in the profit or loss for 2023 €1.025.970 (31 December 2022: €420.221 gain).

### 22. Prepayments and other assets

	2023 €	2022 €
Prepayments	164.609	268.730
Other assets - relocation incentives granted to tenants (amount prior to transfer to "investment property")	194.216	174.892
Other assets - unamortised discounts granted to tenants (amount prior to transfer to "investment property")	408.564	723.298
Less: reclassification of incentives and discounts to tenants to investment property (Note 18)	(602.780)	(898.190)
<b>Balance at 31 December</b>	<b>164.609</b>	<b>268.730</b>
Less non-current portion of prepayments	(30.000)	(103.260)
<b>Current portion</b>	<b>134.609</b>	<b>165.470</b>

"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 these contributions have mainly resulted in tenant leasehold improvements.

"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 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 granted of €127.000 and €107.676 (2022: €109.759) has been discharged to profit or loss (Note 8) with regards to these incentives. In addition, an amount of €Nil (2022: €43.989) was incurred and recognised in other assets, and an amount of €314.734 (2022: €626.430) 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).

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 23. Cash at bank and in hand

Cash balances are analysed as follows:

	2023	2022
	€	€
Cash in hand	6.389	567
Current accounts	1.206.818	1.505.835
Notice accounts *	3.674.843	4.331.186
	<u>4.888.050</u>	<u>5.837.588</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%.

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	16.177.000
<b>Balance at 31 December 2022/ 1 January 2023</b>	<b>16.177.000</b>
Transfer to investment property (Note 18)	(16.177.000)
<b>Balance at 31 December 2023</b>	<b>-</b>

In 2022, the Company made the decision to sell Annex 3 and Annex 4 of the Mall, consequently transferring them from investment property to assets held for sale. However, in 2023, the planned transaction did not materialize, leading to the reclassification of Annex 3 and Annex 4 of the Mall back to investment property (refer to Note 18).

### 25. Share capital

	2023	2023	2022	2022
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €0,50 each	<u>371.000.000</u>	<u>185.500.000</u>	<u>171.000.000</u>	<u>85.500.000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>100.000.000</u>	<u>50.000.000</u>	<u>100.000.000</u>	<u>50.000.000</u>
<b>Balance at 31 December</b>	<u>100.000.000</u>	<u>50.000.000</u>	<u>100.000.000</u>	<u>50.000.000</u>

On 31 August 2023, the Company increased its authorised share capital to €185.500.000 divided into 371.000.000 ordinary shares of nominal value €0,50 each which have the same rights as the existing ordinary shares.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 26. Borrowings

	2023 €	2022 €
Balance at 1 January	86.501.495	88.188.134
Additions	8.200.000	1.200.000
Repayments	(9.620.270)	(7.136.050)
Interest expense (Note 13)	4.774.138	3.323.081
Loss on modification of borrowings	-	847.116
Amortisation of arrangement fees and loss on modification (Note 13)	168.944	79.214
Sett off against receivable (Note 19)	(1.310.747)	-
<b>Balance at 31 December</b>	<b>88.713.560</b>	<b>86.501.495</b>

	2023 €	2022 €
<b>Current borrowings</b>		
Bank loans	3.083.708	3.444.148
Loan from parent company (Note 31.6)	213.149	1.800.000
	<b>3.296.857</b>	<b>5.244.148</b>

<b>Non-current borrowings</b>		
Bank loans	85.416.703	81.257.347
<b>Total</b>	<b>88.713.560</b>	<b>86.501.495</b>

#### (a) Bank loans

The loan agreement, most recently amended on 15 November 2023, comprises four distinct borrowing 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%	15/10/2033
Facility C	€22.000.000	3m Euribor + 3,65%	3m Euribor + 3,10%	15/05/2031
Facility D	€7.500.000	3m Euribor + 3,65%	3m Euribor + 3,10%	15/05/2031
MOE Redeceloment	€13.000.000	3m Euribor + 3,10%	3m Euribor + 3,10%	15/09/2035
Ancillary Facility	€3.000.000	3m Euribor + 4,20%	3m Euribor + 4,20%	N/A

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 above.

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 MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 26. Borrowings (continued)

On 15 November 2023, the Company's loan agreement was restructured whereby €7.500.000 of Mall of Engomi's loan was reduced with a corresponding increase in the loan due by the Company. Refer to Note 16 for more details. As a result, a new bank loan, Facility D, with terms substantially similar to its existing bank loans, was obtained by the Company.

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

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

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

- Atterbury Cyprus Limited guaranteed the loans of the Company up to an amount of €145.290.000.
- The Mall of Engomi (ME) Plc guaranteed the loans of the Company up to an amount of €145.290.000.
- 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
- Mortgage of freehold property of €103.000.000 (2022: €86.000.000).

Securities are limited to the outstanding book balance of bank borrowings as at 31 December 2023 of €89.858.754 (31 December 2022: €86.208.782).

Maturity of non-current borrowings:

	2023	2022
	€	€
Between one to two years	3.033.720	3.441.471
Between two and five years	13.172.818	14.934.456
After five years	69.210.165	62.881.420
	<b>85.416.703</b>	<b>81.257.347</b>

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

	2023	2022
	%	%
Bank loans	<b>5,65</b>	3,77

The carrying amount of borrowings approximate their fair value.

#### (b) Loans due to parent company

In 2022, the outstanding loan amount of €1.800.000 was interest-free and represents the repayment by the parent company related to the "Loizos" case (refer to Note 28).

During 2023, management approved the offsetting of the loan payable to Atterbury Cyprus regarding the Loizos case with the loan receivable from Atterbury Cyprus Limited (refer to Note 19).

The 2023 loan balance is unsecured, denominated in Euro, and bears interest of 3-month Euribor plus 4,20% and has no fixed repayment terms. Due to increases in the 3-month Euribor during the year, the applicable interest rate was adjusted every three months, reaching 8,43% by the year end 31 December 2023.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 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 2023 and 2022 respectively).

#### Deferred tax liability

	2023	2022
	€	€
Balance at 1 January	17.644.342	19.206.034
Fair value losses on investment property	2.879	(1.711.286)
Difference between depreciation and wear & tear allowances	467.755	230.628
Accelerated tax benefit - discounts granted to tenants	(39.342)	(81.034)
<b>Balance at 31 December</b>	<b>18.075.634</b>	<b>17.644.342</b>

Deferred taxation liability arises as follows:

	2023	2022
	€	€
Accelerated tax depreciation - discounts granted to tenants	51.071	90.412
Fair value gains on investment property	10.168.715	10.165.836
Difference between depreciation and wear & tear allowances	7.855.848	7.388.094
	<b>18.075.634</b>	<b>17.644.342</b>

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.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 28. Provisions for other liabilities and charges

	Financial guarantee contracts €	Total €
Balance at 1 January 2022	46.448	46.448
Charged to profit or loss	122.495	122.495
<b>Balance at 31 December 2022/ 1 January 2023</b>	<b>168.943</b>	<b>168.943</b>
Charged/(credited) to profit or loss	(70.491)	(70.491)
<b>Balance at 31 December 2023</b>	<b>98.452</b>	<b>98.452</b>

#### *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 €20.193.815 (2022: €28.888.175).

The amounts included in the statement of financial position include the following:

	2023 €	2022 €
Provisions to be used after more than twelve months	-	122.495
Provisions to be used within twelve months	<b>98.452</b>	<b>46.448</b>

### 29. Trade and other payables

	2023 €	2022 €
Trade payables and accruals	<b>1.338.357</b>	1.254.765
Retentions for construction work on investment property	<b>36.031</b>	5.123
Cash guarantee	<b>198.018</b>	198.018
VAT and other payables	<b>1.171.580</b>	1.081.476
Overbilled service charges to tenants	<b>22.093</b>	-
Deposits by tenants	<b>1.943.553</b>	1.924.988
Payables to related companies (Note 31.5)	<b>78.401</b>	21.776
	<b>4.788.033</b>	4.486.146
Less non-current payables	<b>(1.325.259)</b>	(1.743.291)
<b>Current portion</b>	<b>3.462.774</b>	<b>2.742.855</b>

"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.

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

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



# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 30. Refundable taxes

	2023	2022
	€	€
Corporation tax (refundable)	<u>(3.375)</u>	<u>(94.962)</u>
	<u><b>(3.375)</b></u>	<u><b>(94.962)</b></u>

### 31. Main shareholders and related party transactions

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 100% of the former.

The main shareholders of the Company as at 31 December 2023 are (i) Brightbridge Real Estate Limited (Cyprus) through its indirect 49,835% shareholding in Atterbury Cyprus Limited (the parent company), (ii) Business Venture Investments No 1360 (Pty) Ltd (South Africa) through its indirect 24,92% shareholding in Atterbury Cyprus Limited and (iii) Pareto Limited (South Africa) through its indirect 24,92% shareholding in Atterbury Cyprus Limited.

The following transactions were carried out with related parties:

#### 31.1 Directors' remuneration

The remuneration of Directors were as follows:

	2023	2022
	€	€
Directors' fees	<u>3.125</u>	<u>2.500</u>
	<u><b>3.125</b></u>	<u><b>2.500</b></u>

#### 31.2 Purchases of services / finance charges

Name	Nature of transactions	2023	2022
		€	€
Fliptype Holdings Limited - direct shareholder	Management fee charges	66.857	250.810
Atterbury Cyprus Limited - direct shareholder	Corporate service charges	120.000	73.198
Atterbury Europe Services B.V.	Management and commission fee charges	915.059	693.776
Brightbridge Real Estate Limited - indirect shareholder	Management fee charges	-	14.017
Atterbury Cyprus Limited - direct shareholder	Interest income on loan	70.370	55.089
		<u><b>1.172.286</b></u>	<u><b>1.086.890</b></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".

During 2023 the Company paid €752.500 to Fliptype Holdings Limited to terminate the asset management agreement which was reimbursed by Atterbury Europe Services B.V.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 31. Main shareholders and related party transactions (continued)

#### 31.3 Receivables from related parties (Note 20)

	2023	2022
Name	€	€
The Mall of Engomi (ME) Plc	-	55.236
Atterbury Europe B.V.	-	3.150
The Mall of Limassol (ML) Ltd	279	-
	<u>279</u>	<u>58.386</u>

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

#### 31.4 Loans to related parties (Note 19)

	2023	2022
Name	€	€
Atterbury Cyprus Limited - parent entity	-	1.240.377
	<u>-</u>	<u>1.240.377</u>

During the year, the parent company made no repayments to the Company (2022: €Nil) and received no advances (2022: €302.144) from the Company in relation to the loan described in Note 19. Interest received amounting to €70.067 (2022: €55.089) was recognised in the profit or loss for the year (Note 13).

During 2023, management approved the offsetting of the loan payable to Atterbury Cyprus Ltd regarding the Loizos case with the loan receivable from Atterbury Cyprus Ltd resulting in a net loan payable position at 31 December 2023 (Note 31.6).

#### 31.5 Payables to related parties (Note 29)

	2023	2022
Name	€	€
Atterbury Cyprus Limited - parent entity	-	21.776
The Mall of Engomi (ME) Plc - fellow subsidiary	36.243	-
Atterbury Europe Services B.V. - group related party	42.158	-
	<u>78.401</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)

	2023	2022
Name	€	€
Atterbury Cyprus Limited - parent entity	213.149	1.800.000
	<u>213.149</u>	<u>1.800.000</u>

In 2022, the outstanding loan amount of €1.800.000 was interest-free and represents the repayment by the parent company related to the "Loizos" case.

During 2023, management approved the offsetting of the loan payable to Atterbury Cyprus regarding the Loizos case with the loan receivable from Atterbury Cyprus Limited.

The 2023 loan balance is unsecured, denominated in Euro, and bears interest of 3 month Euribor plus 4,20% and has no fixed repayment terms. Due to increases in the 3 month Euribor during the year, the applicable interest rate was adjusted every three months, reaching 8,43% by the year end 31 December 2023.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 32. Guarantees

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

- a) Atterbury Cyprus Limited guaranteed the loans of the Company up to an amount of €145.290.000.
- b) The Mall of Engomi (ME) Plc guaranteed the loans of the Company up to an amount of €145.290.000

### 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, but limited to the outstanding debt at the time. 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.

### 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:

	2023	2022
	€	€
Within one year	12.134.128	12.333.505
Between one and five years	32.402.932	34.685.265
After five years	37.456.882	45.685.289
	<u>81.993.942</u>	<u>92.704.059</u>

A detailed maturity analysis of operating lease payments for years 2023 and 2022, is provided below:

	As at 31/12/2023	As at 31/12/2022
	€	€
Year 1	12.134.128	12.333.505
Year 2	10.195.228	11.021.042
Year 3	8.445.245	9.584.838
Year 4	7.273.496	7.659.385
Year 5	6.488.963	6.420.000
Year 6 onwards	37.456.882	45.685.289
<b>Total</b>	<u>81.993.942</u>	<u>92.704.059</u>

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

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 34. Commitments (continued)

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

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

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

In addition, the Company has a regular 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 9 January 2024, the Company proceeded with a restructuring of its share capital by reducing the nominal value of the ordinary shares from €0,50 per share to €0,01 per share. As a result, the authorised share capital was amended to €3.710.000 divided into 371.000.000 ordinary shares of €0,01 each, while the issued share capital was amended to €1.000.000 divided into 100.000.000 ordinary shares of €0,01 each, with the corresponding transfer to capital reduction reserve fund.

On 12 April 2024, the Board of Directors resolved to convene an extraordinary general meeting to approve the issue and allot via private placement 233.683.310 ordinary shares of nominal value €0,01 each, out of the unissued authorised share capital of the Company to Pareto Limited for a total consideration of €89.853.773 that will constitute c. 70,03% of the issued share capital of the Company post issuance. Pareto Limited will discharge its obligations to settle the total Issue Price through an in-kind contribution. Subject to court approval, the share premium and capital reduction reserve will be reduced by an amount of €87.516.939 in respect of share premium and €2.629.883 in respect of the capital reduction reserve fund (€90.146.822 in total). The capital reduction will be implemented by a pro-rata return of capital in the amount of €90.146.822 to the existing shareholders of the Company, which can at the election of the board, be settled either in cash or in-kind and in this regard the board has resolved that Atterbury Cyprus Limited will be settled in-kind and the general public in cash.

On 17 April 2024, the Board of Directors approved the payment of an interim dividend of €7.500.000 to its shareholders from the retained earnings from 2022 and 2023.

Except from the matters 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 7 to 10**