

**THE MALL OF ENGOMI (ME) PLC**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
For the year ended 31 December 2022

# THE MALL OF ENGOMI (ME) PLC

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## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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# THE MALL OF ENGOMI (ME) PLC

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## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Martin Olivier George Mouskides Takis Christodoulou John George Mavrokordatos
<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
<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>	HE 75033

# THE MALL OF ENGOMI (ME) PLC

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## MANAGEMENT REPORT

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

### **Principal activities and nature of operations of the Company**

The principal activity of the Company, which is unchanged from last year, is the leasing/granting of rights of use of space of its property, the shopping Mall "The Mall of Engomi", for retail/commercial purposes.

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

The Company's revenue for the year ended 31 December 2022 was €3.245.473 compared to €2.616.412 for the year ended 31 December 2021. The operating profit of the Company for the year was €795.582 (2021: €1.918.307).

The loss after tax of the Company for the year ended 31 December 2022 amounted to €755.214 (2021: profit of €959.728).

At 31 December 2022 the total assets of the Company were €44.307.073 (2021: €49.003.097) and its net assets were €13.899.345 (2021: €17.654.559). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory under the circumstances.

During 2020, the Company initiated a comprehensive redevelopment plan, aiming at the Mall of Engomi to be upgraded so as to meet changing market needs and challenges. The said process has been substantially completed by the end of 2021. The redevelopment plan aimed at:

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

During 2022 the turnover of tenants recovered to pre Covid-19 numbers and is 2,7% higher than 2019. Even though the Mall is not fully let, the foot count and turnovers have surpassed the numbers pre-refurbishment. Interest from new tenants have increased and has resulted in new tenants.

Despite the difficult situation that the Company's specific sector was faced with due to Covid-19, Management has carried out the implementation of the re-development plan, which should maximise the future performance potential of the Company's operations, and will lead to a more effective utilisation of its asset base.

### **Principal risks and uncertainties**

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

### **Future developments of the Company**

The Board of Directors does not expect any significant changes in the operations, financial position and performance of the Company in the foreseeable future.

### **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 (note 6).

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

# THE MALL OF ENGOMI (ME) PLC

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## MANAGEMENT REPORT

### Interest rate risk

The Company's interest rate risk mainly arises from long term bank borrowings, short term loans payable to group companies as well as from loans receivable due from related entities. Borrowings issued to, and loans granted by the Company at variable rates expose it to cash flow interest rate risk. All borrowings as at 31 December 2022 are at variable rates.

As at 31 December 2022, the Company's liabilities which bore variable interest rates amounted to €28.901.816. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

### Credit risk

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

Credit risk is managed on a group basis. For banks and financial institutions, only those that are highly rated by the Board of Directors are accepted as counterparties. 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 2022 the Company's credit risk arises from trade receivables amounting to €193.812 (2021: €91.020), net, after cumulative expected credit losses of €127.763 (2021: €40.341), loans receivable from related parties amounting to €927.107 (2021: €3.793.665) and bank balances amounting to €611.029 (2021: €2.019.502).

### Liquidity risk

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

### Capital risk management

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

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

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings minus cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. As at 31 December 2022 the Company's net debt amounted to €28.290.591 (2021: €27.363.803) and total equity of €13.899.345 (2021: €17.654.559) leading to a gearing ratio of 67,06% (2021: 60,78%).

### Results

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

### Dividends

On 27 July 2022, the Board of Directors approved the payment of an interim dividend of €3.000.000 to its shareholders from the net profit of the year ended 31 December 2021 (2021: €Nil). The Board of Directors have not recommended further dividends.

### Share capital

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

# THE MALL OF ENGOMI (ME) PLC

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## MANAGEMENT REPORT

### **Operating Environment of the Company and going concern considerations**

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

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

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

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

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2022.

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

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

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

The members of the Board of Directors did not control directly or indirectly any part of the share capital of the Company, at 31 December 2022 and as at the date of this report.

Except from the balance and transactions disclosed in Note 27 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 30 of the financial statements.

# THE MALL OF ENGOMI (ME) PLC

## MANAGEMENT REPORT

### Main shareholders and related party transactions

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

	28 April 2023 Percentage of shareholding %	31 December 2022 Percentage of shareholding %
<b>Direct shareholder:</b>		
Atterbury Cyprus Limited	99,50	99,50
<b>Indirect shareholders (through their indirect holdings in Atterbury Cyprus Limited):</b>		
Business Venture Investments No 1360 (Pty) Ltd (South Africa)	24,25	24,25
Brightbridge Real Estate Limited	48,51	48,51
Pareto Limited	24,25	24,25

### 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,

  
MONTNAGA SERVICES LIMITED  
Secretary

Nicosia, 28 April 2023

## THE MALL OF ENGOMI (ME) PLC

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

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

(a) The annual financial statements of the Company which are presented on pages 11 to 54:

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

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

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

#### Members of the Board of Directors:

Martin Olivier - Director

George Mouskides - Director

Takis Christodoulou - Director

John George Mavrouzakis - Director

#### Responsible for drafting the financial statements

Antonia Constantinou (Financial Controller)

Nicosia, 28 April 2023

The block contains four handwritten signatures in black ink, each written over a horizontal line. The signatures are: 1. Martin Olivier, 2. George Mouskides, 3. Takis Christodoulou, and 4. John George Mavrouzakis. Below these, there is a signature in blue ink, which is the signature of the Financial Controller, Antonia Constantinou.



## Independent Auditor's Report

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

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of The Mall of Engomi (ME) Plc (the "Company"), which are presented in pages 11 to 54 and comprise the statement of financial position as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### Basis for Opinion

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

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

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

**MAKING AN  
IMPACT THAT  
MATTERS**

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## Independent Auditor's Report (continued)

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

#### Description of key audit matter

##### Valuation of investment property

Investment property is carried in the statement of financial position at a revalued amount of €42.3 million. Investment property comprises 95% of the Company's total assets. Investment property is measured at fair value. All fair value gains and losses are recognized in the statement of comprehensive income. The fair value losses on investment property recorded in the statement of comprehensive income amounted to €1 million.

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

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

The valuation report by the independent appraisal firm has been prepared on the basis of fair value appraisal uncertainty, as stated in the guidelines of the Royal Institution of Chartered Surveyors (RICS) due to the general economic conditions prevailing due to Covid-19 and the Russia-Ukraine conflict as well as accelerated inflation and increased borrowing costs that has created uncertainty undermining the growth of the property market.

Refer to note 4 "Significant accounting policies", Note 7 "Critical accounting estimates, judgements and assumptions", and Note 17 "Investment property" in the financial statements for further details relating to this matter.

#### How our audit addressed the key audit matter

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

- Obtained an understanding of the internal controls over the valuation process for investment property and assessed these controls to determine if they had been appropriately designed and implemented.

- Assessed the competence, capabilities, experience, professional qualifications and objectivity of the independent appraisal firm. In addition, we discussed the scope of their work with management and reviewed their terms of engagement with the Company to determine that there were no matters that affected their objectivity or imposed scope limitations.

- With the support of our internal valuation specialists, (i) assessed whether the valuation methodology applied is appropriate and in line with international valuation standards as well as industry norms; and (ii) challenged the key parameters and assumptions used by the independent appraiser to estimate the fair values.

- Tested the accuracy and completeness of the data provided by management to the independent appraisal firm.

- Reperformed the mathematical accuracy of the valuation.

- Agreed the total valuation in the appraiser report to the amount reported in the statement of financial position.

- Assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.

The above procedures were completed in a satisfactory manner.

## Independent Auditor's Report (continued)

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

#### Reporting on other information

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

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

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

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

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

## Independent Auditor's Report (continued)

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

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

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

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

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

#### Other Matter

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

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

Kerry Whyte

Certified Public Accountant and Registered Auditor  
for and on behalf of

**Deloitte Limited**

**Certified Public Accountants and Registered Auditors**

Nicosia, 26 April 2023

# THE MALL OF ENGOMI (ME) PLC

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 €	2021 €
<b>Rights for use of space and other revenue</b>	8	<b>3.245.473</b>	2.616.412
Other operating income	9	<b>64.768</b>	62.595
Fair value (losses)/gains on investment property	10	<b>(1.016.749)</b>	679.869
Impairment charge on trade and other receivables	19	<b>(87.422)</b>	-
Administration and other operating expenses	11	<b>(1.410.488)</b>	<b>(1.440.569)</b>
<b>Operating profit</b>		<b>795.582</b>	1.918.307
Finance income	12	<b>118.455</b>	155.975
Finance costs	12	<b>(1.119.069)</b>	(862.679)
Loss on loan modification	23	<b>(590.110)</b>	-
<b>(Loss)/profit before tax</b>		<b>(795.142)</b>	1.211.603
Tax credit/(expense)	13	<b>39.928</b>	<b>(251.875)</b>
<b>(Loss)/profit for the year</b>		<b>(755.214)</b>	959.728
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(755.214)</b>	<b>959.728</b>
<b>(Loss)/earnings per share attributable to equity holders (cent) - basic and diluted</b>	14	<b>(7.55)</b>	<b>9.60</b>

The notes on pages 15 to 54 form an integral part of these financial statements.

# THE MALL OF ENGOMI (ME) PLC

## STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 €	2021 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	16	40,428	32,272
Investment property	17	42,260,600	42,860,000
Trade, prepayments and other receivables	18	37,824	-
		<u>42,338,852</u>	<u>42,892,272</u>
<b>Current assets</b>			
Trade, prepayments and other receivables	19	429,487	295,443
Loans receivable	18	827,107	3,793,885
Refundable taxes	20	702	2,089
Cash at bank and in hand	21	611,226	2,019,628
		<u>1,868,521</u>	<u>6,110,925</u>
<b>TOTAL ASSETS</b>		<u>44,307,073</u>	<u>49,003,097</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	1,000,000	1,000,000
Capital reserve		212,887	212,887
Retained earnings		<u>12,889,898</u>	<u>19,441,072</u>
<b>Total equity</b>		<u>13,892,345</u>	<u>17,654,569</u>
<b>Non-current liabilities</b>			
Borrowings	23	27,702,762	28,337,485
Trade and other payables	25	681,826	675,028
Deferred tax liabilities	24	<u>223,189</u>	<u>264,808</u>
		<u>28,608,977</u>	<u>29,277,319</u>
<b>Current liabilities</b>			
Provisions for other liabilities and charges	26	122,147	135,716
Trade and other payables	26	479,850	889,557
Borrowings	23	<u>1,199,054</u>	<u>1,045,946</u>
		<u>1,800,781</u>	<u>2,071,219</u>
<b>Total liabilities</b>		<u>30,407,728</u>	<u>31,348,538</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>44,307,073</u>	<u>49,003,097</u>

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

  
John George Mavrokordatos  
Director

  
George Mavrokordatos  
Director

The notes on pages 16 to 54 form an integral part of these financial statements.

# THE MALL OF ENGOMI (ME) PLC

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital €	Capital reserve €	Retained earnings €	Total €
<b>Balance at 1 January 2021</b>		<b>1.000.000</b>	<b>212.687</b>	<b>15.482.144</b>	<b>16.694.831</b>
<b>Comprehensive income</b>					
Net profit for the year		-	-	959.728	959.728
<b>Balance at 31 December 2021/ 1 January 2022</b>		<b>1.000.000</b>	<b>212.687</b>	<b>16.441.872</b>	<b>17.654.559</b>
<b>Comprehensive loss</b>					
Net loss for the year		-	-	(755.214)	(755.214)
<b>Transactions with owners</b>					
Dividends	15	-	-	(3.000.000)	(3.000.000)
<b>Balance at 31 December 2022</b>		<b>1.000.000</b>	<b>212.687</b>	<b>12.686.658</b>	<b>13.899.345</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% (2021: 2,65%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 15 to 54 form an integral part of these financial statements.

# THE MALL OF ENGOMI (ME) PLC

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 €	2021 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(Loss)/profit before tax</b>		<b>(795.142)</b>	1.211.603
Adjustments for:			
Depreciation of property and equipment	16	6.367	1.962
Fair value losses/(gains) on investment property	17	1.016.749	(679.869)
Loss on modification of loans payable	23	590.110	-
Amortisation of arrangement fees	23	6.142	2.234
Movement in provision on financial guarantee contracts	25	(13.569)	(13.539)
Interest income	12	(118.427)	(155.975)
Interest expense	12	1.118.984	862.679
		<b>1.811.214</b>	1.229.095
<b>Changes in working capital:</b>			
(Increase)/decrease in trade, prepayments and other receivables		(387.443)	1.207.647
(Decrease)/increase in trade and other payables		(404.006)	361.256
<b>Cash generated from operations</b>		<b>1.019.765</b>	2.797.998
Tax paid		(1.191)	(8.642)
<b>Net cash generated from operating activities</b>		<b>1.018.574</b>	2.789.356
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property and equipment	16	(14.523)	(33.911)
Payment for construction of investment property (excluding capitalised interest paid)	17	(201.474)	(7.846.307)
<b>Net cash used in investing activities</b>		<b>(215.997)</b>	(7.880.218)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of bank borrowings	23	(1.172.434)	(1.270.082)
Payment of loan arrangement fees	23	-	(95.641)
Repayment of loans from related companies	23	-	(8.346.927)
Proceeds from bank borrowings	23	-	13.066.465
Proceeds from loans from related companies	23	-	3.023.705
Interest paid	23	(1.024.417)	(957.664)
Dividends paid	15	(14.129)	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(2.210.980)</b>	5.419.856
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1.408.403)</b>	328.994
Cash and cash equivalents at beginning of the year	21	2.019.628	1.690.634
<b>Cash and cash equivalents at end of the year</b>	21	<b>611.225</b>	2.019.628

Significant non-cash transactions are disclosed in the notes to the financial statements (note 15 and 18).

The notes on pages 15 to 54 form an integral part of these financial statements.



# THE MALL OF ENGOMI (ME) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 1. Incorporation and principal activities

#### Country of incorporation

The Mall of Engomi (ME) Plc (the "Company") was incorporated in Cyprus on 8 November 1995 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 10 July 2015, and since then, the Company is listed on the (unregulated) Emerging Companies Market of the Cyprus Stock Exchange. Its registered office is at 3 Verginas Street, The Mall of Cyprus, Strovolos, 2025, Nicosia, Cyprus.

#### Principal activities

The principal activity of the Company, which is unchanged from last year, is the leasing/granting of rights of use of space of its property, the shopping Mall "The Mall of Engomi", for retail/commercial purposes.

During 2020, the Company initiated a comprehensive redevelopment plan, aiming at the Mall of Engomi to be upgraded so as to meet changing market needs and challenges. The said process has been fully completed by the end of 2021. The redevelopment plan aimed at:

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

During 2022 the turnover of tenants recovered to pre Covid-19 numbers and is 2,7% higher than 2019. Even though the Mall is not fully let, the foot count and turnovers has surpassed the numbers pre-refurbishment. Interest from new tenants have increased and has resulted in new tenants.

### Operating Environment of the Company and assessment of Going Concern status

#### Economic indicators

Following Covid-19, economic growth in Cyprus has shown signs of robustness that continued amidst the Russia-Ukraine conflict. The effects of Covid 19 are still having an impact on the construction industry with issues including shortage on construction materials supply, rising construction costs that consequently projects get delayed and buyers get even more cautious with purchases. New challenges have been added since the Russia Ukraine conflict and other factors which have led to high inflation.

#### Going concern

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

- the successful deliberations with financial institutions in obtaining a period of debt repayment postponement during 2020 and in addition, an extension of final debt settlement and renegotiation of the borrowing interest rate during the current year.
- the implementation of an all-round plan of managing relationships with tenants
- containment of operational costs

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

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

With respect to this, the Company maintains a positive cash and net working capital position and based on its cashflow forecasts extended to year 2023, such are expected to remain. In the event however of any temporary shortfall, Group financial support may be available by delaying/deferring settlements of amounts due to other Atterbury group companies, for easing cash flow pressures.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 1. Incorporation and principal activities (continued)

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

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

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

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

#### Interruption of operations and worsening of the financial position of tenants

Management acknowledges the possibility that tenants, who have already suffered financial losses and reduced performance, may in future continue to face such risks. This is an issue that is being appropriately managed with continuous monitoring of the tenants' ongoing situation. Actions have been taken effect during prior year 2021 and 2022, targeting specific tenants.

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

### 2. Basis of preparation

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

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

### 3. Adoption of new or revised standards and interpretations

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

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

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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

#### (ii) Annual improvements to IFRS Standards 2018-2020 Cycle

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

- **IFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities:** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test (paragraph B3.3.6 of IFRS 9) in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16 Leases:** The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendments are applied prospectively.

### 4. Significant accounting policies

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

#### Administration and operating expenses

Expenses incurred are recognised on an accrual basis.

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

#### Segmental reporting

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

#### Revenue

##### Recognition and measurement

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Significant accounting policies (continued)

#### Revenue recognition (continued)

##### – Lease income from rights for use of space

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

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

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

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

##### – 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.

#### 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.

# THE MALL OF ENGOMI (ME) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Significant accounting policies (continued)

#### Foreign currency translation

**(1) Functional and presentation currency**

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

**(2) Transactions and balances**

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

#### Tax

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

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

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

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

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

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

#### Dividend distribution

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

#### Property and equipment

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Significant accounting policies (continued)

#### Property and equipment (continued)

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

	%
Signs	15
Plant and Machinery	20
Computer Hardware	33

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property 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.

#### Investment properties

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.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### *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.

##### *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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *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 and FVOCI and 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 measured at amortised cost (AC) are presented in the statement of financial position net of the allowance for ECL.

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

The 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.

# THE MALL OF ENGOMI (ME) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### *Impairment - credit loss allowance for ECL (continued)*

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.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at 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 FV.

##### *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.



# THE MALL OF ENGOMI (ME) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### *Trade receivables (receivables from tenants under operating lease arrangements) (continued)*

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

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

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

#### Financial liabilities

##### *Measurement categories*

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at 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.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Significant accounting policies (continued)

#### Financial liabilities (continued)

##### *Borrowings (continued)*

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

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

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

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

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

##### *Trade and other payables*

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

##### *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".

# THE MALL OF ENGOMI (ME) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 4. Significant accounting policies (continued)

#### Offsetting financial instruments

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

#### Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

#### Share capital

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

#### Provisions

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

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

#### Non-current liabilities

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

#### Deferred income

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

# THE MALL OF ENGOMI (ME) PLC

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. New accounting pronouncements

#### Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted. The Board of Directors expects that the adoption of these accounting standards and amendments by the Company will have no material effect on the financial statements of the Company. They are as follows:

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

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

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

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

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

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

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and

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

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

The amendments are applied prospectively. Earlier application is permitted.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. New accounting pronouncements (continued)

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

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

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

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

The amendments are applied prospectively. Earlier application is permitted.

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

In May 2021, the International Accounting Standards Board (Board) published “Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)” that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and decommissioning obligations and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

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

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. New accounting pronouncements (continued)

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

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

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

The amendments to IFRS 17 are to be applied retrospectively. Earlier application is permitted.

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

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

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

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

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

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

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

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

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

The amendments are applied retrospectively.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 5. New accounting pronouncements (continued)

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

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

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

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

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

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

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

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

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

### 6. Financial risk management

#### Financial risk factors

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

#### 6.1 Interest rate risk

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 6. Financial risk management (continued)

#### 6.1 Interest rate risk (continued)

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

	2022 €	2021 €
<b>Variable rate instruments</b>		
Financial assets - cash at bank and loans receivable	1.538.136	5.813.167
Financial liabilities - loans payable	<u>(28.901.816)</u>	<u>(29.383.431)</u>
	<u><b>(27.363.680)</b></u>	<u><b>(23.570.264)</b></u>

#### Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2022 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on profit or loss.

	2022 €	Profit or loss 2021 €
Variable rate instruments	<u>273.637</u>	<u>235.703</u>
	<u><b>273.637</b></u>	<u><b>235.703</b></u>

#### 6.2 Credit risk

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

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

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

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

- trade receivables from the grant of use of space
- loan receivable from related party (classified in financial assets at amortised cost)
- cash and cash equivalents

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

#### **Trade and other receivables**

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

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



# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### Trade and other receivables (continued)

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 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>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Individual assessment	265.921	-
Collective assessment	55.654	131.361
Total gross receivables (before provisions)	<b>321.575</b>	<b>131.361</b>

The analysis of the provision is as follows:

	<b>Loss allowance</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Individual assessment	87.422	-
Collective assessment	13.303	40.341
Other provision	27.038	-
Total	<b>127.763</b>	<b>40.341</b>

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

	<b>Trade receivables</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Balance at 1 January	40.341	40.341
Impairment (gains)/losses recognised on receivables in profit or loss during the year - net	<b>87.422</b>	(27.495)
Post-model adjustment	-	27.495
<b>Balance at 31 December</b>	<b>127.763</b>	<b>40.341</b>

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

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### Trade and other receivables (continued)

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.

For tenant receivables under collective assessment for year 2022 and 2021, a matrix approach was followed based on groupings of customers with common industry characteristics (segments). The Company remodelled the applicable groupings for 2022 compared to 2021. Individual loss rates by segment were applied based on days overdue. Expected Credit losses in respect of customer balances undergoing individual assessment, were excluded from the final result. The cumulative loss allowance at 31 December 2022 was €127.763 for individual and collective (2021: €40.341). Information about the provision matrices applied for the 2022 collective assessment exercise is as follows:

Tenant sector	Loss rates
Food and beverage	17%
Other	32%

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

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

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 €62.211 were at default and at Stage 3 and have been fully provided. The remaining were Stage 2 and were assessed considering payment history and financial position.

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

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

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

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

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

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

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

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

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

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

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

#### Loans to related parties

##### Company internal credit rating

	Gross carrying amount €	(Loss of impairment allowance) €	Carrying amount (net of impairment provision) €
Performing	927.107	-	927.107
<b>Total loans to related parties</b>	<b>927.107</b>	<b>-</b>	<b>927.107</b>

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

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

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

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

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

#### Cash and cash equivalents

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

As of 31 December 2022, the Company has the majority of its cash deposited with a single financial institution with an external credit rating of Ba2 (Moody's). Company deposits are short term and allocated to Stage 1 exposures.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### Financial guarantee contracts

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

At the reporting date, the Company acts as a joint guarantor (together with the parent entity, Atterbury Cyprus Limited) to the bank loan of fellow subsidiary The Mall of Cyprus (MC) Plc for the amount of €134,400,000 (note 28). It is not expected that any loss will result from such guarantees provided by the Company, since the property of the borrower is also pledged as security. There have been no indications as of the reporting date that the borrower is likely to fail meeting up its loan instalments. Under IFRS9 a provision, has been recognised in respect of the financial guarantee provided, being the estimated 12 month ECL, which takes into account the probability of default of the beneficiary entity, the loss given default and the exposure at default. Refer to note 25.

#### 6.3 Liquidity risk

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

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

31 December 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	28,901,816	40,585,057	659,938	1,998,215	2,604,909	5,783,778	29,538,217
Trade and other payables	231,982	231,982	231,982	-	-	-	-
Payables to related parties	77,012	77,012	77,012	-	-	-	-
Financial guarantees - contractual amounts	134,400,000	134,400,000	134,400,000	-	-	-	-
	<b>163,610,810</b>	<b>175,294,051</b>	<b>135,368,932</b>	<b>1,998,215</b>	<b>2,604,909</b>	<b>5,783,778</b>	<b>29,538,217</b>

31 December 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Bank loans	29,383,431	37,852,536	469,212	1,611,000	2,148,000	5,496,000	28,128,324
Trade and other payables	530,321	530,321	530,321	-	-	-	-
Payables to related parties	266,725	231,025	231,025	-	-	-	-
Financial guarantees - contractual amounts	134,400,000	134,400,000	134,400,000	-	-	-	-
	<b>164,580,477</b>	<b>173,013,882</b>	<b>135,630,558</b>	<b>1,611,000</b>	<b>2,148,000</b>	<b>5,496,000</b>	<b>28,128,324</b>

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 6. Financial risk management (continued)

#### 6.3 Liquidity risk (continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management maintains flexibility in funding by maintaining availability under committed credit lines. The company during the current year has renegotiated the borrowings interest rates.

Management monitors rolling forecasts of the Company's cash and cash equivalents (Note 21) on the basis of expected cash flow. Based on their experience, management considers that the bank overdraft will continue to be renewed normally on an annual basis. The Company has such committed overdraft facility for up to €1,000,000 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 joint guarantor for a fellow subsidiary to the amount of €134,400,000, which is the maximum contractual amount of any obligation.

#### 6.4 Capital risk management

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

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

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

The Company's capital is analysed as follows:

	2022 €	2021 €
Total borrowings (Note 23)	28,901,816	29,383,431
Less: Cash and cash equivalents (Note 21)	(611,225)	(2,019,628)
Net debt	28,290,591	27,363,803
Total equity	13,899,345	17,654,559
<b>Total capital</b>	<b>42,189,936</b>	<b>45,018,362</b>
<b>Gearing ratio</b>	<b>67.06%</b>	<b>60.78%</b>

The increase in the gearing ratio during the year ended 31 December 2022 resulted primarily from the higher reduction of total equity following dividends declared compared to the increase in net debt.

#### Fair value estimation

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

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

### 7. Critical accounting estimates, judgments and assumptions

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

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

#### *Critical accounting estimates and assumptions*

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

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

##### – **Fair value of investment property (accounting estimate)**

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

The valuations are based on a discounted cash flow (DCF) analysis of each property. The DCF analyses are adjusted to existing lease agreements, in order to cover the full period of existing lease agreements. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing lease agreements and estimations of the rental values when the agreements expire. The investment property portfolio is typically appraised on an annual basis.

Management exercises judgment in evaluating the unprecedented set of circumstances caused by COVID-19 and other factors that 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 VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This does not equate to lesser or no-reliability of the valuation which Management uses for the determination of fair value for financial reporting purposes, but rather provides further insight as to the market context under which the valuation was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, the situation in Ukraine 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 17 for details of assumptions used and sensitivity analysis performed on key inputs to the valuation exercise.

##### – **Classification of lease arrangements (judgment)**

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. In that respect, management evaluates the indicators of arrangements entered into, such as potential of ownership transfer at end of lease term, options to extend and at what rentals compared to market, lease durations compared to asset useful lives, and comparison of the present value of lease payments compared to asset values, and makes the appropriate classification of the lease arrangement. Management has assessed its leases to be operating leases considering the business model and the nature and terms of the leases which are not for a major part of the economic life of the asset and at inception date, the present value of the lease payments do not amount to substantially all of the fair value of the underlying assets. The terms of the leased are described further in note 29.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 8. Rights for use of space and other revenue

Disaggregation of revenue	2022 €	2021 €
Rights for use of space - minimum license fees (i)	2.711.474	1.868.396
Rights for use of space - additional license fees (i)	16.786	25.245
Lease related expenses from discounts and incentives granted (ii)	(96.689)	(60.231)
Lease related income from tenant contributions (iii)	5.515	4.818
<b>Total lease income</b>	<b>2.637.086</b>	<b>1.838.228</b>
Revenue from service charge, utilities and other recoveries	608.387	778.184
<b>Total revenue from contracts with tenants</b>	<b>3.245.473</b>	<b>2.616.412</b>

- i. Income from the "Rights of use of space" relates to license/lease agreements that were in effect during 2022. Any income that is derived based on the financial performance of tenants is separately presented under "Additional licence fees" and is determined as a percentage of the tenants' revenue; as stipulated in their license/lease agreements.
- ii. "Lease related expenses from discounts and incentives granted" relates to amortisation of discounts provided by the Company during the 2022 financial year and in previous years to its tenants. The discounts were granted due to the Covid-19 outbreak in previous years. Discounts were given to aid the tenants with the disruption of their normal operations, following a number of measures in force such as full lock down periods during the year. The discounts qualify as rent concessions/lease modifications under IFRS16. In 2022 the Company provided incentives for capital improvements to certain key tenants. Discounts granted are amortised to profit or loss over the remaining duration or term of each corresponding individual license/lease agreement (note 20).
- iii. "Lease related income from tenant contributions" refers to the amortised portion of capital expenditure incurred by the Company on behalf of, and billed to certain tenants, in transforming/enhancing the space occupied in the Mall of Engomi with individualised features and improvements. The capital improvement amount is released/amortised to profit or loss over the lease terms of those tenants, in arriving at reported revenue (note 17).

### 9. Other operating income

	2022 €	2021 €
Financial guarantee provisions (note 25)	13.569	13.539
Other lease related income	51.199	49.056
	<b>64.768</b>	<b>62.595</b>

Other operating income comprises sundry amounts such as income from advertising and provision of storage facilities.

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

	2022 €	2021 €
Fair value (losses)/gains on investment property - Note 17	(1.016.749)	679.869
	<b>(1.016.749)</b>	<b>679.869</b>



# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 11. Administration and other operating expenses

	2022	2021
	€	€
Common expenses	-	359.003
Repairs and maintenance	3.785	-
Sundry expenses	1.376	857
Promotional and marketing expenses	-	96.458
Auditor's remuneration	24.500	14.000
Legal fees	15.620	6.236
Cyprus stock exchange expenses	8.984	8.984
Directors' fees (note 27.1)	2.500	2.500
Other professional fees	111.710	64.663
Bad debts written off	5.899	-
Management fees (note 27.3)	36.261	72.340
Bank charges	8.334	33.148
Other finance expenses	6.141	2.234
Property management, maintenance and utility costs *	1.179.011	778.184
Depreciation	6.367	1.962
	<b>1.410.488</b>	<b>1.440.569</b>

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

	2022	2021
	€	€
Building and infrastructure-related expenses	56.715	20.000
Electricity and other utility expenses	274.525	111.730
Refuse and cleaning expenses	167.755	102.687
Payroll and property management fees	194.117	153.120
Repairs and maintenance expenses	104.471	60.553
Security expenses	146.071	146.183
Marketing expense	149.527	133.631
Insurance expenses	61.170	46.227
Other sundry expenses	24.660	4.053
	<b>1.179.011</b>	<b>778.184</b>

The total fees charged by the Company's statutory auditor for the statutory audit of the financial statements of the Company for the period ended 31 December 2022 amounted to €24.500 (the fees for the year ended 31 December 2021 amounted to €14.000). The total fees charged by the Company's statutory auditor for the year ended 31 December 2022 for tax advisory services and for other assurance services was €2.200 (31 December 2021: €2.200).

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 12. Finance income/costs

	2022 €	2021 €
<b>Finance income</b>		
Loan interest income	118.427	155.975
Realised foreign exchange gains	28	-
	<u>118.455</u>	<u>155.975</u>
<b>Interest expense</b>		
Bank borrowings (Note 23)	(1.118.984)	(862.679)
Interest on taxes	(11)	-
<b>Net foreign exchange losses</b>		
Unrealised foreign exchange losses	(74)	-
	<u>(1.119.069)</u>	<u>(862.679)</u>
<b>Net finance costs</b>	<u>(1.000.614)</u>	<u>(706.704)</u>

### 13. Tax

	2022 €	2021 €
Corporation tax - prior years	-	668
Defence contribution - current year	1.691	1.452
Deferred tax - (credit)/charge (Note 24)	(41.619)	249.755
<b>(Credit)/charge for the year</b>	<u>(39.928)</u>	<u>251.875</u>

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

	2022 €	2021 €
(Loss)/profit before tax	<u>(795.142)</u>	<u>1.211.603</u>
Tax calculated at the applicable tax rates	(99.393)	151.450
Tax effect of expenses not deductible for tax purposes	215.752	1.787
Tax effect of allowances and income not subject to tax	(140.421)	(222.824)
Tax effect of tax loss for the year	24.062	69.587
Defence contribution current year	1.691	1.452
Deferred tax	(41.619)	249.755
Prior year tax	-	668
<b>Tax (credit)/charge</b>	<u>(39.928)</u>	<u>251.875</u>

The corporation tax rate is 12,5%.

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

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

Due to tax losses sustained in the, no tax liability arises on the Company.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 14. Earnings per share attributable to equity holders

	2022	2021
<b>Earnings attributable to equity holders (€)</b>	<b>(755.214)</b>	<b>959.728</b>
Weighted average number of ordinary shares in issue during the year	<b>10.000.000</b>	<b>10.000.000</b>
<b>(Loss)/earnings per share attributable to equity holders (cent) - basic and diluted</b>	<b>(7,55)</b>	<b>9,60</b>

### 15. Dividends

	2022 €	2021 €
Final dividend paid	<b>3.000.000</b>	-
	<b>3.000.000</b>	-

On 27 July 2022 the Board of Directors approved the payment of a final dividend amounting to €3.000.000 (2021: €NIL), of which €14.129 was paid in cash and the remaining amount offset with the loan receivable from the parent company (note 18).

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.

### 16. Property and equipment

	Signs €	Plant and machinery €	Computer hardware €	Total €
<b>Cost</b>				
Balance at 1 January 2021	88.371	76.821	1.045	166.237
Additions	15.408	18.503	-	33.911
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b>103.779</b>	<b>95.324</b>	<b>1.045</b>	<b>200.148</b>
Additions	-	14.523	-	14.523
<b>Balance at 31 December 2022</b>	<b>103.779</b>	<b>109.847</b>	<b>1.045</b>	<b>214.671</b>
<b>Depreciation</b>				
Balance at 1 January 2021	88.371	76.498	1.045	165.914
Charge for the year	385	1.577	-	1.962
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b>88.756</b>	<b>78.075</b>	<b>1.045</b>	<b>167.876</b>
Charge for the year	2.311	4.056	-	6.367
<b>Balance at 31 December 2022</b>	<b>91.067</b>	<b>82.131</b>	<b>1.045</b>	<b>174.243</b>
<b>Net book amount</b>				
<b>Balance at 31 December 2022</b>	<b>12.712</b>	<b>27.716</b>	<b>-</b>	<b>40.428</b>
<b>Balance at 31 December 2021</b>	<b>15.023</b>	<b>17.249</b>	<b>-</b>	<b>32.272</b>

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 17. Investment property

	2022 €	2021 €
Balance at 1 January	42.860.000	33.970.000
Redevelopment costs and other additions	201.474	7.846.307
Lease incentives and deferred income adjustment net of amortisation (note 20)	215.775	231.967
Capitalisation of interest expenses	-	131.857
Fair value adjustment based on external valuer's assessment (note 10)	(1.016.749)	679.869
Open market value per external valuation at 31 December, as adjusted for any remaining costs to complete	42.260.500	42.860.000
<b>Balance at 31 December</b>	<b>42.260.500</b>	<b>42.860.000</b>

The investment properties are valued annually at fair value comprising open market value based on valuations by an independent, professionally qualified valuer. Fair value is based in active market process, adjusted if necessary, for any differences in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are typically prepared annually by independent valuers and reviewed and adopted by management. Changes in fair value are recorded in profit or loss and are included in "fair value gains/(losses) on investment property". In arriving at open market value, Management takes into account any significant impact of lease incentives (such as relocation incentives, conditional discounts to tenants qualifying as rent concessions and any deferred income associated with future benefits accruing to the Company in relation to tenant contributions to the value of investment property) in order to avoid double-counting in the Company's assets and liabilities. The adjustment as of 31 December 2022 for the aforementioned incentives, was derived from unamortised discounts granted to tenants classified under "other assets" (note 20) as well as from deferred income, classified under. The Company's investment property is measured at fair value. The Company holds one class of investment property being the Mall of Engomi.

The Company's investment property is measured at fair value. The year-end carrying value of the property, incorporates an amount of €349.000, being the fair value of a solar panel system, which is regarded as an integral part of the building. Full installation and commencement of operation is expected within 2023.

"Deferred income" relates to capital expenditure incurred by the Company on behalf of certain tenants, in transforming/enhancing the space occupied in the Mall of Engomi 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.

Deferred income of €24.074 (2021: €22.934) was reclassified to investment property.

### Valuation processes of the Company

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

Management exercises judgment in evaluating the unprecedented set of circumstances caused by Covid-19 and the Russia-Ukraine conflict, which have accelerated inflation and inhibited growth thereby creating valuation uncertainty. The latter's valuation was reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This does not equate to limited or no reliability of the valuation which Management uses for the determination of fair value for financial reporting purposes, but rather provides further insight as to the market context under which the valuation was prepared.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 17. Investment property (continued)

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

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

Management has considered key assumptions and they have concluded on a fair value loss of the investment property value of €1.016.749 (2021: gain of €679.869).

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

#### *Fair value hierarchy*

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

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

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used at each of 31 December 2022 and 31 December 2021.

#### *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.

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</u>
	<u>€</u>	<u>technique</u>	<u>%</u>	<u>capitalisation</u>	<u>€</u>	<u>growth</u>
				<u>rate</u>		<u>%</u>
				<u>%</u>		
Cyprus	42.260.500	Income approach - Discounted cash flows	10,25	8,25	3.487.660	4

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 17. Investment property (continued)

31 December 2021:

<u>Property</u>	<u>Valuation</u> <u>€</u>	<u>Valuation</u> <u>technique</u>	<u>Discount rate</u> <u>%</u>	<u>Terminal</u> <u>capitalisation</u> <u>rate</u> <u>%</u>	<u>Revenue in year 1</u> <u>€</u>	<u>Revenue</u> <u>growth</u> <u>%</u>
Cyprus	42.860.000	Income approach Discounted cash flows	10,25	8,25	3.485.453	3

The analysis of the provision is as follows:

<u>Description</u>	<u>Change in cap</u> <u>rate</u>	<u>Change in discount rate</u>		
		<u>-0,50%</u>	<u>0,00%</u>	<u>0,50%</u>
		<u>€</u>	<u>€</u>	<u>€</u>
Cyprus Shopping Mall	-0,50%	43.229.500	44.064.500	43.229.500
	0,00%	43.075.500	42.260.500	41.466.500
	0,50%	41.440.500	40.662.500	39.903.500
	<u>Change in</u> <u>revenue</u>	-	-	-
	-10,00%	38.388.500	37.664.500	36.959.500
	0,00%	43.075.500	42.260.500	41.466.500
	10,00%	47.762.500	46.855.500	45.972.500

Sensitivity of Management's estimates 31 December 2021:

<u>Description</u>	<u>Change in cap</u> <u>rate</u>	<u>Change in discount rate</u>		
		<u>-0,50%</u>	<u>0,00%</u>	<u>0,50%</u>
		<u>€</u>	<u>€</u>	<u>€</u>
Cyprus Shopping Mall	-0,50%	45.590.000	44.710.000	43.850.000
	0,00%	43.700.000	42.860.000	42.050.000
	0,50%	42.020.000	41.230.000	40.450.000
	<u>Change in</u> <u>revenue</u>	-	-	-
	-10,00%	39.070.000	38.330.000	37.600.000
	0,00%	43.700.000	42.860.000	42.050.000
	10,00%	48.320.000	47.400.000	46.490.000

A change in the vacancy rate which is estimated to be 3% in 2024 and 2% thereafter 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 €2.100.000 (2021: €2.230.000), i.e. bringing fair value to €40.160.000 at 31 December 2022 (2021: €40.630.000 ).

Revenues are derived from a relatively moderate number of tenants. Three individual tenants contributed more than 62% of the Company's revenues for year 2022.

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).

### 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:

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Revenue (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 rate	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;

Sensitivity analysis has been presented for the 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 €42.260.500, 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 and vacant spaces discounted to the present value using an estimated discount rate.

### 18. Loans receivable

Loan receivable from Atterbury Cyprus Limited:

	2022 €	2021 €
Balance at 1 January	3.793.665	3.887.690
Repayments	(2.984.985)	(250.000)
Interest charged (notes 12, 27.2)	118.427	155.975
<b>Balance at 31 December</b>	<b>927.107</b>	<b>3.793.665</b>

In July 2019, the Company extended a loan to its parent Atterbury Cyprus Limited as part of the settlement of the loan receivable from fellow subsidiary The Mall of Cyprus (MC) Plc. The loan is unsecured, denominated in Euro, and bears interest of 3-month Euribor plus 4,20% and has no fixed repayment terms. Due to fluctuations in 3-month Euribor during the year, the applicable interest rate was changing every three months, reaching 6,66% by the year end 31 December 2022. Total interest income recognised during the year ended 31 December 2022 amounted to €118.427 (2021: €155.975). The repayments during the year were settled by the dividends declared to the parent company.

	2022 €	2021 €
Loans to parent (Note 27.4)	927.107	3.793.665
	<b>927.107</b>	<b>3.793.665</b>

The loans are repayable as follows:

	2022 €	2021 €
Within one year	927.107	3.793.665

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 ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 19. Trade, prepayments and other receivables

	2022 €	2021 €
Trade receivables	321.575	131.361
Less: expected credit loss on trade receivables	(127.763)	(40.341)
Trade receivables - net	193.812	91.020
Deposits and prepayments	186.306	167.807
Unbilled service charges to tenants	28.892	36.616
Other receivables	58.101	-
	467.111	295.443
Less non-current prepayments	(37.624)	-
<b>Current portion</b>	<b>429.487</b>	<b>295.443</b>

Deposits and prepayments mainly relate to reconnection refundable deposits made to the local electricity authority in relation to the completion of the redevelopment works for the Mall expansion.

Unbilled service charges to tenants relate to common expenses not yet recharged to the tenants as at the year end. The amount was billed to tenants in 2023.

The Company has recognised a loss for the impairment of its trade receivables amounting to €87.422 during the year ended 31 December 2022 (2021: €NIL).

Movement in provision for impairment of receivables:

	2022 €	2021 €
Balance at 1 January	40.341	40.341
Impairment losses recognised on receivables	87.422	-
<b>Balance at 31 December</b>	<b>127.763</b>	<b>40.341</b>

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

### 20. Other assets

	2022 €	2021 €
Unamortised discounts granted to tenants (amount prior to transfer to "investment property")	621.816	404.901
Less: reclassification of discounts to tenants to investment property (note 17)	(621.816)	(404.901)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

Unamortised discounts granted to tenants relate to a one-off special discount and incentives against future rentals given to certain tenants. These are to be amortised to profit and loss over the duration or term of each corresponding individual licence/lease agreement. Amortisation commenced in 2021. The amount amortised in 2022 was €96.689 (2021: €60.231). Amounts advanced in 2022 were €313.604.

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.



# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 21. Cash at bank and in hand

Cash balances are analysed as follows:

	2022 €	2021 €
Cash at bank and in hand	<b>611.225</b>	2.019.628
	<b>611.225</b>	<b>2.019.628</b>

Cash and cash equivalents by type:

	2022 €	2021 €
Current account	<b>427.099</b>	254.988
Sight account	-	1.584.081
Guarantee current accounts	<b>183.930</b>	180.433
Cash in hand	<b>196</b>	126
	<b>611.225</b>	<b>2.019.628</b>

Guarantee current accounts relate to accounts designated for loan repayments and are not restricted in use.

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

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

### 22. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
<b>Authorised</b>				
Ordinary shares of €0,10 each	<b>11.000.000</b>	<b>1.100.000</b>	11.000.000	1.100.000
<b>Issued and fully paid</b>				
Balance at 1 January	<b>10.000.000</b>	<b>1.000.000</b>	10.000.000	1.000.000
<b>Balance at 31 December</b>	<b>10.000.000</b>	<b>1.000.000</b>	10.000.000	1.000.000

### 23. Borrowings

	2022 €	2021 €
Balance at 1 January	<b>29.383.431</b>	22.966.625
Proceeds from borrowings	-	16.090.170
Repayment of principal	<b>(1.172.434)</b>	(9.617.009)
Repayment of interest	<b>(1.024.417)</b>	(957.664)
Interest expense	<b>1.118.984</b>	862.679
Capitalisation of eligible borrowing costs on investment property	-	131.857
Commitment and commission fees	-	(95.461)
Loss on modification of borrowings	<b>590.110</b>	-
Amortisation of arrangements fees	<b>6.142</b>	2.234
<b>Balance at 31 December</b>	<b>28.901.816</b>	29.383.431

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 23. Borrowings (continued)

	2022 €	2021 €
<b>Current borrowings</b>		
Bank loans	1.199.054	1.045.946
<b>Non-current borrowings</b>		
Bank loans	<u>27.702.762</u>	<u>28.337.485</u>
<b>Total</b>	<u><b>28.901.816</b></u>	<u><b>29.383.431</b></u>

On 22 July 2019 and subsequently revised and extended on 27 July 2020, the Company together with its parent and its fellow subsidiary, entered into a revised loan agreement with Bank of Cyprus Public Company Limited. The agreement comprises four distinct facilities as shown in the table below:

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

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

On 10 October 2019, the Bank of Cyprus Public Company Limited syndicated a portion of Facility C (a principal amount of €5.000.000) to Eurobank Cyprus Ltd, as permitted by the agreement, on the same terms and conditions as set out in the facility agreement.

During 2021, further to an agreement entered into in September 2020, the Company obtained a new bank loan of €13.000.000, for the redevelopment project of the Mall. The maturity date of the loan is the 15th of August 2034 and the loan bears interest of 3-month Euribor plus 3,10%. Part of the outstanding balance of this loan was applied to the repayment of another loan payable to a related party, which had been given for bridging purposes.

On 9 February 2022, upon the signing of the amendment agreement, the interest rate for Facility C, as well as the Redevelopment loan, was increased from 3-month Euribor + 3,40% to 3-month Euribor + 3,50%, while at the same time monthly instalments were decreased, thus increasing the final repayment amounts 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 amounting to €590.110.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 23. Borrowings (continued)

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 and C) are secured as follows:

a) Atterbury Cyprus Limited guaranteed the loans of the Company up to an amount of €23.000.000.

b) The Mall of Cyprus Plc guaranteed the loans of the Company up to an amount of €23.000.000.

c) By floating charge of €23.000.000 on the assets of the Mall of Engomi (ME) Plc

d) By the assignment of €23.000.000 from the rights of use of space in the Shacolas Emporium Park.

Securities are limited to the outstanding book balance of bank borrowings as at 31 December 2022 of €28.888.175 (2021: €29.966.041)

The bank facility obtained in 2021, is secured as follows:

a) Atterbury Cyprus Limited guaranteed the loans of the Company up to an amount of €15.600.000.

b) The Mall of Cyprus (MC) Plc guaranteed the loans of the Company up to an amount of €15.600.000.

Maturity of non-current borrowings:

	2022	2021
	€	€
Between one to two years	1.207.979	1.132.478
Between two and five years	3.854.404	3.644.887
After five years	22.640.379	23.560.120
	<b>27.702.762</b>	<b>28.337.485</b>

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

	2022	2021
	%	%
Bank loans	3,80%	3,40%

The carrying amount of borrowings approximates their fair value.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 24. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (note 13). The applicable corporation tax rate in the case of tax losses is 12,5%.

#### Deferred tax liability

	2022 €	2021 €
Balance at 1 January	264.808	15.053
Difference between depreciation and wear & tear allowances	(41.619)	249.755
<b>Balance at 31 December</b>	<b>223.189</b>	<b>264.808</b>

Deferred taxation liability arises as follows:

	2022 €	2021 €
Difference between depreciation and wear & tear allowances	223.189	264.808
	<b>223.189</b>	<b>264.808</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 12.5%.
- Differences on revaluation of investment property: Land and Buildings classified as investment property, upon disposal would be taxed under the capital gains regime, at the rate of 20%. No such tax is expected to arise based on the current valuation.

### 25. Trade and other payables and provisions for other liabilities and charges

	2022 €	2021 €
Trade payables	231.982	494.621
Payables to parent (Note 27.5)	21.776	-
Value added tax	141.577	62.749
Provision on financial guarantee contracts	122.147	135.716
Accruals	28.979	7.772
Deposits by tenants	681.026	675.026
Prepaid amounts by tenants	-	57.690
Payables to fellow subsidiaries (Note 27.5)	55.236	231.025
Payables to indirect shareholder (Note 27.5)	-	35.700
<b>Total payables</b>	<b>1.282.723</b>	<b>1.700.299</b>
Less non-current payables	(681.026)	(675.026)
<b>Current portion</b>	<b>601.697</b>	<b>1.025.273</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.

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 25. Trade and other payables and provisions for other liabilities and charges (continued)

The provision on financial guarantee contracts, relates to the Company's estimated provisions in respect of the financial guarantees provided for bank loans of its fellow subsidiary, The Mall of Cyprus. The above estimate is the 12-month ECL, considering the probability of default of the guaranteed party, the exposure at default and the loss given default. The Company acts as joint guarantor for bank loans of its fellow subsidiary, with the amount of the guarantees at €134.400.000 (note 28). Guarantees are limited to the outstanding book amount of the loan balances of The Mall of Cyprus (MC) plc of €86.208.782 (2021: €90.021.751).

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

### 26. Refundable taxes

	2022	2021
	€	€
Corporation tax (refundable)	(702)	(2.089)
	<u>(702)</u>	<u>(2.089)</u>

### 27. Main shareholders and related party transactions

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

The Company is controlled by Atterbury Cyprus Limited, incorporated in Cyprus, which owns 99,5% of the Company's shares at the reporting date and at the date of approval of these financial statements.

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

The main shareholders of the Company as at 31 December 2022 are (i) Brightbridge Real Estate Limited (Cyprus) through its indirect 48,51% shareholding in Atterbury Cyprus Limited (the parent company), (ii) Pareto Limited through its indirect 24,25% shareholding in Atterbury Cyprus Limited and (iii) Business Venture Investments No 1360 (Pty) Ltd (South Africa) through its indirect 24,25% shareholding in Atterbury Cyprus Limited.

The following transactions were carried out with related parties:

#### 27.1 Directors' remuneration

The remuneration of Directors was as follows:

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

#### 27.2 Provision of services

Name	Nature of transactions	2022	2021
		€	€
Atterbury Cyprus Limited - direct shareholder (Note 12)	Financing and interest	118.427	155.975
		<u>118.427</u>	<u>155.975</u>

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

#### 27.3 Purchases of services

<u>Name</u>	<u>Nature of transactions</u>	2022 €	2021 €
Fliptype Holdings Limited - direct shareholder	Management fee charges	49.462	34.896
Atterbury Cyprus Limited - direct shareholder	Corporate service charges	73.198	73.198
Atterbury Europe Services B.V.	Management fee charges	133.838	259.776
Brightbridge Real Estate Limited	Management fee charges	-	90.000
		<u>256.498</u>	<u>457.870</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".

#### 27.4 Loans to related parties (Note 18)

<u>Name</u>	2022 €	2021 €
Atterbury Cyprus Limited	927.107	3.793.665
	<u>927.107</u>	<u>3.793.665</u>

The loan receivable from Atterbury Cyprus Limited is repayable on demand and bore interest equal to 3-month Euribor plus margin of 3,50% and a 20% mark-up i.e. 4,20%.

#### 27.5 Payables to related parties (Note 25)

<u>Name</u>	<u>Nature of transactions</u>	2022 €	2021 €
Brightbridge Investments Limited	Management fees	-	35.700
Atterbury Cyprus Limited	Corporate service fees	21.776	-
The Mall of Cyprus (MC) Plc	Corporate service fees	55.236	231.025
		<u>77.012</u>	<u>266.725</u>

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

#### 27.6 Guarantees

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

a) Guarantee from Atterbury Cyprus Limited to secure bank borrowings for the amounts of €23.200.000 and €15.600.000

b) Guarantee from the Mall of Cyprus (MC) Plc to secure bank borrowings for the amounts of €23.200.000 and €15.600.000

### 28. Contingent liabilities

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

### 29. Commitments

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

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

# THE MALL OF ENGOMI (ME) PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 29. Commitments (continued)

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

	2022 €	2021 €
Within one year	2.919.887	3.787.950
Between one and five years	8.522.061	8.611.424
After five years	8.083.588	12.640
	<u>19.525.536</u>	<u>12.412.014</u>

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

	As at 31/12/2022 €	As at 31/12/2021 €
Year 1	2.919.887	3.787.950
Year 2	2.861.578	3.787.950
Year 3	2.776.300	3.201.561
Year 4	1.825.762	1.292.157
Year 5	1.058.421	329.756
Year 6 onwards	8.083.588	12.640
<b>Total</b>	<u>19.525.536</u>	<u>12.412.014</u>

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

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

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

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

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.

### 30. Events after the reporting period

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

# **THE MALL OF ENGOMI (ME) PLC**

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## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

**Independent auditor's report on pages 7 to 10**