

**THE MALL OF CYPRUS (MC) PLC**  
**UNAUDITED CONDENSED INTERIM**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY 2020 TO 30**  
**JUNE 2020**

# THE MALL OF CYPRUS (MC) PLC

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## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

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# THE MALL OF CYPRUS (MC) PLC

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## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Martin Olivier George Mouskides Takis Christodoulou John George Mavrokordatos
<b>Company Secretary:</b>	Montrago Services Limited
<b>Legal Advisers:</b>	Tassos Papadopoulos & Associates LLC Panayiotis Demetriou & Associates LLC Elias Neocleous & Co LLC Ioannides Demetriou LLC Nicos M. Elia LLC
<b>Registered office:</b>	3 Verginas Street The Mall of Cyprus Strovolos 2025, Nicosia Cyprus
<b>Bankers:</b>	Bank of Cyprus Public Company Ltd Eurobank Cyprus Ltd
<b>Registration number:</b>	HE3941

# THE MALL OF CYPRUS (MC) PLC

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## MANAGEMENT REPORT

The Board of Directors of The Mall of Cyprus (MC) Plc (the "Company") presents its Management Report together with the unaudited condensed interim financial statements of the Company for the period from 1 January 2020 to 30 June 2020.

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

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

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

The Company's revenue for the period from 1 January 2020 to 30 June 2020 was €6.655.472 compared to €7.407.771 (restated) for the corresponding period ended 30 June 2019. The operating loss of the Company for the period ended 30 June 2020 was €9.073.331 (period ended 30 June 2019: profit €5.432.826).

The loss after tax of the Company for the period ended 30 June 2020 amounted to €9.983.200 (2019: profit €3.429.962).

On 30 June 2020 the total assets of the Company were €211.845.683 (2019: €224.687.378) and the net assets of the Company were €83.323.299 (2019: €93.306.499). Under the circumstances, the Company's performance and position are considered satisfactory.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in note 1 of the condensed interim financial statements.

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

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

### **Existence of branches**

The Company does not maintain any branches.

### **Use of financial instruments by the Company**

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

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

### **Market risk**

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

### **Interest rate risk**

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings at fixed rates expose the Company to fair value interest rate risk. All borrowings as at 30 June 2020 are at variable rates.

As at 30 June 2020, the Company's liabilities which bore variable interest rates amounted to €102.796.531. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

# THE MALL OF CYPRUS (MC) PLC

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## MANAGEMENT REPORT

### Credit risk

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

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

As at 30 June 2020 the Company's credit risk arises from trade and other receivables amounting to €4.130.581 and bank balances amounting to €11.814.879 (excluding petty cash).

### 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 30 June 2020 the Company's net debt amounted to €90.981.593 (31 December 2019: €91.571.984) and total equity of €83.323.299 (31 December 2019: €93.306.499) leading to a gearing ratio of 52,20% (2019: 49,53%).

### Results

The Company's results for the period are set out on page 6.

### Dividends

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

### Share capital

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

### Operating Environment of the Company

The Cyprus economy recorded positive growth in 2018 and 2019 after overcoming the economic recession of recent years. The overall economic outlook of the economy is challenged by downside risks emanating from the still high levels of non performing loans, the public debt ratio as well as possible deterioration of the external environment for Cyprus. This operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results, particularly due to the recent outbreak and rapid development of the corona virus disease (Covid 19). Further details are presented in Note 1.

### Board of Directors

The members of the Company's Board of Directors as at 30 June 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the period from 1 January 2020 to 30 June 2020.

# THE MALL OF CYPRUS (MC) PLC

## MANAGEMENT REPORT

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

The members of the Board of Directors did not control directly or indirectly any part of the share capital of the Company, at 30 June 2020 and as at the date of this report.

Except from the balance and transactions disclosed in Note 23 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 that occurred after the end of the reporting period are described in note 26 to the financial statements.

### Main shareholders and related party transactions

	30 June 2020 Percentage of shareholding %	29 September 2020 Percentage of shareholding %
<b>Direct shareholder:</b>		
Atterbury Cyprus Limited	99,67	99,67
<b>Indirect shareholders (through their indirect holdings in Atterbury Cyprus Limited):</b>		
RMB Property Holdco 2 (Pty) Ltd (South Africa)	36,43	36,43
Business Venture Investments No 1360 (Pty) Ltd (South Africa)	24,30	24,30
Brightbridge Real Estate Ltd	36,43	36,43

By order of the Board of Directors,



Montrago Services Limited  
Secretary

Nicosia, 29 September 2020

MONTRAGO SERVICES LIMITED

## THE MALL OF CYPRUS (MC) PLC

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

In accordance with Article 10 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the financial statements of The Mall of Cyprus (MC) Plc (the "Company") for the 6 month period ended 30 June 2020, we confirm that, according to our knowledge:

(a) The financial statements of the Company which are presented on pages 6 to 30:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 10, section (4) of the law, and

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

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

#### Members of the Board of Directors:

Martin Olivier - Director

George Mouskides - Director

Takis Christodoulou - Director

John George Mavrokordatos - Director

Responsible for the preparation of the financial statements

Antonia Constantinou (Financial Controller)

Nicosia, 29 September 2020

The block contains four handwritten signatures in blue ink, each written over a horizontal dotted line. The signatures are: 1. Martin Olivier, 2. George Mouskides, 3. Takis Christodoulou, and 4. Antonia Constantinou. The signatures are written in a cursive, flowing style.

# THE MALL OF CYPRUS (MC) PLC

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2020 to 30 June 2020

		Six months ended 30 June 2020	Six months ended 30 June 2019 (restated)
	Note	€	€
<b>Rights for use of space and other revenue</b>	5	<b>6.655.472</b>	<b>7.407.771</b>
Other operating income	6	<b>96.953</b>	153.092
Fair value loss on investment property	7	<b>(12.273.566)</b>	-
Administration and other operating expenses	8	<b>(3.552.190)</b>	<b>(2.128.037)</b>
<b>Operating (loss)/profit</b>		<b>(9.073.331)</b>	<b>5.432.826</b>
Net finance costs	9	<b>(1.965.052)</b>	<b>(1.615.727)</b>
<b>(Loss)/profit before tax</b>		<b>(11.038.383)</b>	<b>3.817.099</b>
Income tax credit/ (expense)	10	<b>1.055.183</b>	<b>(387.137)</b>
<b>(Loss)/profit for the period</b>		<b>(9.983.200)</b>	<b>3.429.962</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/ income for the period</b>		<b>(9.983.200)</b>	<b>3.429.962</b>
<b>(Loss)/Earnings per share attributable to the Company's shareholders</b>	11	<b>(0.10)</b>	<b>0.03</b>

The notes on pages 10 to 30 form an integral part of these condensed interim financial statements.

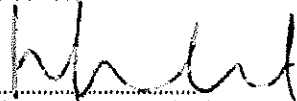


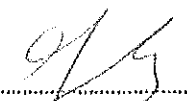
# THE MALL OF CYPRUS (MC) PLC

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AT 30 June 2020

		30 June 2020	31 December 2019 (audited)
	Note	€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	12	417,662	432,363
Investment property	13	194,280,000	206,370,000
Prepayments and other assets		<u>283,415</u>	<u>640,800</u>
		<u>194,981,077</u>	<u>207,442,963</u>
<b>Current assets</b>			
Trade and other receivables	15	4,130,581	1,946,628
Loans receivable	14	355,483	-
Prepayments and other assets		563,604	449,550
Refundable taxes	22	-	140,990
Cash at bank and in hand	16	<u>11,814,938</u>	<u>14,707,247</u>
		<u>16,864,608</u>	<u>17,244,415</u>
<b>TOTAL ASSETS</b>		<u><b>211,845,683</b></u>	<u><b>224,687,378</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	50,000,000	50,000,000
Retained earnings		<u>33,323,299</u>	<u>43,306,499</u>
<b>Total equity</b>		<u><b>83,323,299</b></u>	<u><b>93,306,499</b></u>
<b>Non-current liabilities</b>			
Borrowings	18	100,005,314	97,598,920
Trade and other payables	21	2,179,406	2,337,268
Deferred tax liabilities	19	<u>17,430,048</u>	<u>18,705,794</u>
		<u>119,614,768</u>	<u>118,641,982</u>
<b>Current liabilities</b>			
Trade and other payables	21	3,492,634	2,558,586
Borrowings	18	2,791,217	8,680,311
Current tax liabilities	22	68,788	-
Provisions for other liabilities and charges	20	<u>2,554,977</u>	<u>1,500,000</u>
		<u>8,907,616</u>	<u>12,738,897</u>
<b>Total liabilities</b>		<u><b>128,522,384</b></u>	<u><b>131,380,879</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>211,845,683</b></u>	<u><b>224,687,378</b></u>

On 29 September 2020 the Board of Directors of The Mall of Cyprus (MC) Plc authorised these financial statements for issue.

  
John George Mavrokordatos  
Director

  
George Mouskides  
Director

The notes on pages 10 to 30 form an integral part of these condensed interim financial statements.

## THE MALL OF CYPRUS (MC) PLC

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2020 to 30 June 2020

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2019	50.000.000	35.926.122	85.926.122
Comprehensive income			
Net profit for the period	-	3.429.962	3.429.962
Balance at 30 June 2019	<u>50.000.000</u>	<u>39.356.084</u>	<u>89.356.084</u>
Balance at 1 January 2020	50.000.000	43.306.499	93.306.499
Comprehensive income			
Net loss for the period	-	(9.983.200)	(9.983.200)
Balance at 30 June 2020	<u>50.000.000</u>	<u>33.323.299</u>	<u>83.323.299</u>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% and GHS contribution at 1.7%-2,65% for deemed distributions after 1 March 2019 will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

# THE MALL OF CYPRUS (MC) PLC

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period from 1 January 2020 to 30 June 2020

		Six months ended 30 June 2020 €	Six months ended 30 June 2019 €
Note			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	(Loss)/profit before tax	(11.038.383)	3.817.099
	Adjustments for:		
	Depreciation of property and equipment	12 42.417	21.489
	Fair value losses on investment property	13 12.273.566	-
	Movement in provisions	20 904.428	-
	Impairment charge - available-for-sale financial assets	-	-
	Interest income	6 (5.219)	-
	Interest expense and adjustments on modification of financial liabilities	9 1.965.052	1.615.727
		4.141.861	5.454.315
<b>Changes in working capital:</b>			
	Changes in working capital	(1.447.615)	(505.796)
	<b>Cash generated from operations</b>	<b>2.694.246</b>	<b>4.948.519</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Purchases of property and equipment	(27.717)	(290.704)
	Additions to investment property	(33.017)	(8.230.727)
	<b>Net cash used in investing activities</b>	<b>(60.734)</b>	<b>(8.521.431)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Repayments of bank borrowings	(1.377.884)	(2.373.552)
	Repayment of loans from related companies	(3.000.000)	(62.560)
	Proceeds from bank borrowings	-	5.804.244
	Proceeds from loans from related companies	-	1.905.912
	Interest paid (including capitalised interest paid)	(980.249)	(1.589.742)
	Defence tax paid on deemed distribution	(2.804)	(3.080)
	<b>Net cash (used in)/generated from financing activities</b>	<b>(5.360.937)</b>	<b>3.681.222</b>
	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2.727.425)</b>	<b>108.310</b>
	Cash and cash equivalents at beginning of the period	14.126.901	362.401
	<b>Cash and cash equivalents at end of the period</b>	<b>11.399.476</b>	<b>470.711</b>
16			

The notes on pages 10 to 30 form an integral part of these condensed interim financial statements.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 1. Incorporation and principal activities

#### General

The unaudited condensed interim financial statements consist of the financial statements of The Mall of Cyprus (MC) Plc. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

#### Unaudited financial statements

The condensed interim financial statements for the six months ended on 30 June 2020, have not been audited by the external auditors of the Company.

#### Operating Environment of the Company

The Cyprus economy has recorded positive growth in 2018 and 2019 after overcoming the economic recession of recent years. The overall economic outlook of the economy remains favourable, however there are still downside risks emanating from the still high levels of non performing loans, the public debt ratio as well as possible deterioration of the external environment for Cyprus. This operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results, particularly due to the recent outbreak and rapid development of the corona virus disease (COVID-19).

#### Outbreak of COVID-19

##### (i) General considerations

With the recent and rapid development of the Coronavirus (COVID 19) outbreak the world economy entered a period of unprecedented health care crisis that has already started causing considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures requiring in some cases companies to limit or even suspend normal business operations and governments to implement restrictions on travelling as well as strict quarantine measures.

Certain industries such as tourism, hospitality and entertainment have been disrupted significantly by these measures whereas others like manufacturing and financial services are expected to incur indirect losses. Considering the above unfortunate circumstances, the pace at which the outbreak expands and because of the high level of uncertainties due to the unpredictable outcome of this outbreak, the financial effect of the current crisis on the global economy and the overall business activities going forward is not possible to be estimated with reasonable certainty at this stage.

##### (ii) Country wide measures

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

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

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

Phase 1, between 4 and 20 May 2020: During this phase the following industries/sectors resumed operations:

- The construction sector and all related economic industries
- Retail trade, except those housed inside shopping malls department stores.
- Cruise ship parking for refuelling without disembarking passengers or replacing crews
- Replacement of crews for commercial vessels and the movement of private vessels to licensed areas, for mooring, maintenance and repair purpose
- Lyceums: only graduates of public and private secondary schools (from 11 May).
- The operation of planned surgeries, based on ceilings as determined by the Ministry of Health
- Dental Centres and Clinics Use of open or outdoor sports facilities only for high performance athletes included in the list of the Cyprus Olympic Committee, without the use of locker rooms, gyms or any other closed infrastructure
- Training for team sports only in open spaces, without the use of locker rooms, gyms or other closed related infrastructure. (from 18 May)
- Tourist and travel agencies
- Full operation of car washes
- Revision of directives for public transport (capacity up to 50%)

Phase 2, between 21 May and 8 June 2020: During this phase, the following industries/sectors resumed operations:

- Hairdressing and beauty salons
- Outdoor catering services
- Libraries (from June 1)
- Museums, archeological sites and historical sites (from June 1)
- Betting Agencies (from June 1)
- Ports in full operation (from 1 June), with the exception of disembarkation of passengers from cruise ships

Phase 3, between 9 June and 13 July 2020 :During this phase, the following industries/sectors resumed operations:

- Shopping malls and department stores
- Airports and airlines (gradually and under conditions)
- Ports, service and cruise ships indoor and outdoor catering services
- Hotels
- Beaches: Prerequisite for maintaining a safe distance
- Theatres and open air cinemas
- Gyms
- Sports Championships (without fans)
- Summer programs of private higher education schools

As a result of the above measures, the Mall reopened under safety measures during the third phase of the relaxation measures, on 9 June 2020.

### (iii) Impact on the Company and its operations

The public policy measures put in place to contain the spread of the COVID 19 have resulted in significant operational disruption for the Company. During this time, the Company considers that the health, safety and wellbeing of all the Company's stakeholders remains the Company's highest priority. This approach will ensure the preservation and longevity of the assets and the business.

The Company considers of critical importance that long standing relationships with stakeholders, being tenants, patrons, suppliers, service providers and financiers are maintained in all respects.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

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

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

In compliance with the latest measures announced by the Government of Cyprus, the closure of the Mall of Engomi and the Mall of Cyprus started on 16 March 2020 and ended on 9 June 2020. The continued operation of supermarkets and certain restaurants fulfilling home delivery orders continued as permitted throughout the lockdown phase.

During the time of closure, which lasted, there was a significant decrease in revenue given the restriction on the stores that were allowed to trade.

### (iv) Impact on liquidity/profitability and financial position

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that the main impact on the Company's profitability/liquidity and financial position may arise from the following:

#### Interruption of operations

Management acknowledges the possibility that tenants will likely suffer financial losses/reduced performance. This is an issue that is being appropriately managed.

During the period of lockdown i.e. March to May 2020, all tenants were billed as normal in relation to monthly license fees. For tenants that were unable to trade due to government restrictions or whose insurance cover does not include business interruption, the Company made arrangements to absorb 50% of the license fees from 16th March 2020 up until the re opening of the Shopping mall (i.e. June 9th) or until 30th of June (at the latest).

#### Reassessment of forecasts and budgets

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 to assess and reaffirm the entity's ability to continue in the normal course of business for a period of 12 months from the date of signing of these condensed interim financial statements. The reassessment process will be evaluated as the changes to the pandemic evolve.

In its comprehensive analysis, the Company has factored among other, in the following:

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

b. As a result of negotiations with the banks, measurement and monitoring of loan covenants for the above period is not considered suspended, but neither is it considered a source of imminent risk to the Company's operations. The Company is currently in full compliance with such covenants and expects to remain in such a position. The Company also expects that there should not be any issue concerning the Company's cross guarantee position in favour of fellow subsidiaries, as the latter's position and performance is expected to be sufficient to avoid any unfavourable developments that may burden the entity.

c. Alternative scenarios incorporate different assumptions about the date of recommencement of trading by tenants affected by the lockdown, as well as the impact of potential relaxation of claims over tenants during and post the lockdown period.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

d. Potential delays in recovering debts are taken into account, to account for cash flow difficulties that may be faced by tenants, including the impact of increased expected credit losses.

e. Group financial support may be available by delaying/deferring settlements of amounts due to other Atterbury group companies, for easing cash flow pressures.

From the analysis performed, Management has concluded that there is no material uncertainty regarding the applicability of the going concern presumption for these financial statements. Management will continue to monitor the situation closely and assess additional measures as a fall back plan in case the period of disruption of operations becomes prolonged compared to what has been factored in its comprehensive analysis.

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

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

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

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

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

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

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

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

### 3. Significant accounting policies

The principal accounting policies applied in the preparation of these interim condensed financial statements are consistent to those used in the audited financial statements for the period ended 31 December 2019, unless otherwise stated in relation to the application of the new IFRSs as from 1 January 2020.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 3. Significant accounting policies (continued)

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), including International Accounting Standards (IAS) 34 "Interim Financial Reporting" and the requirements of the Cyprus Companies Law, Cap.113 and the Cyprus Stock Exchange Laws and Regulations.

#### a. Presentation adjustments

In respect of the financial year 2019, the Company had adjusted the presentation of certain comparative figures to conform to changes in presentation, introduced in year 2019. Specifically, the Company has adopted a revised presentation, to enhance the information content in the financial statements, as follows:

- A more detailed categorisation of individual revenue streams has been included in the relevant note, providing additional information on the source of income by nature (refer to note 5).

The above retrospective reclassifications have been incorporated in the comparatives for the six monthly period ended 30 June 2019 and do not have a material effect on the information in the statement of financial position, statement of changes in equity and statement of cashflows at the beginning of the preceding period.

#### b. Correction of prior period errors

The Company has reconsidered the accounting practice previously adopted with respect to netting off income generated from service charges, utilities and other allocations to tenants, against corresponding expenses incurred. In accordance to IFRS 15, "Revenue from Contracts with Customers":

- income which falls under the scope of IFRS 15, Revenue from Contracts with Customers, and where the Company acts as a Principal, may not be netted off against related expenses
- income generated from service charges, utilities and other allocations is a non-lease component of tenancy contracts with customers, as such IFRS 15 applies.

Having considered the above; and noting that in the vast majority of instances the Company exercises control over the flow of property management services provided to tenants (as stipulated in the standard license/lease agreements) - it has been concluded that there was an error in the application of IFRS 15 in the prior year and that the error is considered to be material. Given the requirements of the relevant IAS (in particular IAS 1 and IAS 8), a prior year adjustment was rendered necessary to restate the comparative financial information in the 2019 financial statements of the Company.

The restatement resulted in presenting the gross revenue from services charges, utilities and other property management costs to tenants; as well as presenting the services charges, utilities and other property management costs incurred by the mall under the administration and other operating expenses financial statement caption for the 2019 financial year. The restatement has no effect on the Company's previously reported operating profit, profit before tax and comprehensive income as reported in the 30 June 2019 Statement of Comprehensive Income, nor to the Company's previously reported net equity position at 1 January 2019 and 31 December 2019 as reported in the Statement of Financial Position. Furthermore the prior year restatement has no effect on the reported Statement of Cashflows reported for the period ended 30 June 2019.

The Impact of the restatement on the statement of comprehensive income for the period from 1 January 2020 to 30 June 2020, is presented below:

	As restated	Effect of restatement	As previously reported
	€	€	€
Rights for use of space and other revenue (note 5)	7.407.771	1.506.235	5.901.536
Administration and other operating expenses (note 8)	2.128.037	1.506.235	621.802



# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 4. 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, as follows:

#### New standards

- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021) (not yet adopted by the EU).*  
In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

#### Amendments

- *Amendments to IAS 1 regarding classification of Liabilities as Current or Non-Current (Effective for annual reporting periods beginning on or after 1 January 2022) (not yet adopted by the EU):*  
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.
- *Amendments to IFRS 4 Insurance Contracts - deferral of effective date of IFRS 9 (issued on 25 June 2020) (effective for annual periods beginning on or after 1 January 2021).*  
The objective of the Amendments is to allow qualifying entities to continue to defer the application of IFRS 9. Currently IFRS 4 requires insurance entities to apply IFRS 9 from 1 January 2021, the change will mean that IFRS 9 becomes effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.
- *IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely) (not yet adopted by the EU).*  
The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 4. New accounting pronouncements (continued)

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

### 5. Rights for use of space and other income

	Six months ended 30 June 2020	Six months ended 30 June 2019 (restated)	Six months ended 30 June 2019 (as previously reported)
	€	€	€
Rights for use of space - Minimum licence fees	6,161,837	5,501,891	5,601,758
Rights for use of space - Additional licence fees	23,757	99,866	-
Less: credit notes issued	(1,283,744)	-	-
Lease income from land lease	354,716	299,779	299,779
<b>Total lease income</b>	<b>5,256,566</b>	<b>5,901,536</b>	<b>5,901,537</b>
Revenue from service charge, utilities and other recoveries	1,398,906	1,506,235	-
<b>Total revenue from contracts with tenants</b>	<b>6,655,472</b>	<b>7,407,771</b>	<b>5,901,537</b>

Income from "Rights of use of space" relates to tenancy agreements that were in effect during the period to 30 June 2020. During the period (as a result of the global pandemic Covid-19 and the lockdown period in Cyprus), the Company provided discounts to tenants amounting to €1,283,744, which were made available under certain conditions.

### 6. Other income

	Six months ended 30 June 2020	Six months ended 30 June 2019
	€	€
Interest income (Note 14)	5,219	-
Other lease related income	23,185	153,092
Promotional and other income	68,549	-
	<b>96,953</b>	<b>153,092</b>

### 7. Fair value loss on investment property

	2020	2019
	€	€
Revaluation loss (note 13)	(12,273,566)	-
	<b>(12,273,566)</b>	<b>-</b>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 8. Administration and other operating expenses

	Six months ended 30 June 2020	Six months ended 30 June 2019 (restated)	Six months ended 30 June 2019 (as previously reported)
	€	€	€
Common expenses	191.943	1.908	1.908
Licenses and taxes	-	7.856	7.856
Insurance	1.552	1.049	1.049
Auditor's remuneration	13.250	14.000	14.000
Directors' fees	1.250	1.250	1.250
Other professional fees	189.960	563.266	563.266
Impairment charge on trade and other receivables (note 15)	789.590	-	-
Write off of receivables	10.690	-	-
Other expenses	6.561	8.485	8.485
Provision for arbitration award penalty interest (i) (note 20)	790.557	-	-
provision for arbitration fees (i) (note 20)	113.871	-	-
Bank charges	1.643	2.499	2.499
Property management, maintenance and utility costs	1.398.906	1.506.235	-
Depreciation	42.417	21.489	21.489
	<b>3.552.190</b>	<b>2.128.037</b>	<b>621.802</b>

(i) Arbitration award penalty interest and associated arbitration fees have been recognised in the current period, as a result of a ruling in favour of the main contractor of the Mall of Cyprus, as described in Noted 20.

### 9. Finance costs

	Six months ended 30 June 2020	Six months ended 30 June 2019
	€	€
<b>Interest expense and adjustments on modification of financial liabilities</b>		
Bank borrowings	2.198.813	1.486.476
Fair value gain on bank borrowings (note 18)	(233.761)	-
Bank overdraft interest	-	16.514
Interest on loan from related company (note 23)	-	112.737
	<b>1.965.052</b>	<b>1.615.727</b>

### 10. Income tax (credit)/expense

	Six months ended 30 June 2020	Six months ended 30 June 2019
	€	€
Corporation tax	212.582	337.035
Defence contribution	7.981	6.745
Deferred tax - (credit)/charge (Note 19)	(1.275.746)	43.357
<b>(Credit)/charge for the period</b>	<b>(1.055.183)</b>	<b>387.137</b>

The corporation tax rate is 12,5%.

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

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 11. (Loss)/profit per share attributable to equity holders of the parent

	30 June 2020 €	31 December 2019 €
(Loss)/profit attributable to shareholders (€)	<u>(9.983.200)</u>	<u>3.429.962</u>
Weighted average number of ordinary shares in issue during the period	<u>100.000.000</u>	<u>100.000.000</u>
(Loss)/Earnings per share attributable to equity holders of the parent - basic and diluted	<u>(0,10)</u>	<u>0,03</u>

### 12. Property and equipment

	Artworks €	Leasehold property improvements €	Plant and machinery €	Signs €	Furniture, Computer fixtures and hardware office equipment €	€	Total €
<b>Cost</b>							
Balance at 1 January 2019	140.490	58.500	1.189.715	341.188	580.246	52.079	2.362.218
Additions	-	-	97.020	73.270	62.236	97.753	330.279
<b>Balance at 31 December 2019</b>	<b>140.490</b>	<b>58.500</b>	<b>1.286.735</b>	<b>414.458</b>	<b>642.482</b>	<b>149.832</b>	<b>2.692.497</b>
<b>Balance at 1 January 2020</b>	<b>140.490</b>	<b>58.500</b>	<b>1.286.735</b>	<b>414.458</b>	<b>642.482</b>	<b>149.832</b>	<b>2.692.497</b>
Additions	-	-	17.691	-	4.911	5.115	27.717
<b>Balance at 30 June 2020</b>	<b>140.490</b>	<b>58.500</b>	<b>1.304.426</b>	<b>414.458</b>	<b>647.393</b>	<b>154.947</b>	<b>2.720.214</b>
<b>Depreciation</b>							
Balance at 1 January 2019	-	58.500	1.175.044	341.188	574.567	52.079	2.201.378
Charge for the period	-	-	17.323	6.482	8.981	25.970	58.756
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>58.500</b>	<b>1.192.367</b>	<b>347.670</b>	<b>583.548</b>	<b>78.049</b>	<b>2.260.134</b>
<b>Balance at 1 January 2020</b>	<b>-</b>	<b>58.500</b>	<b>1.192.367</b>	<b>347.670</b>	<b>583.548</b>	<b>78.049</b>	<b>2.260.134</b>
Charge for the period	-	-	13.591	5.646	5.265	17.915	42.417
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>58.500</b>	<b>1.212.863</b>	<b>355.041</b>	<b>580.184</b>	<b>95.964</b>	<b>2.302.552</b>
<b>Net book amount</b>							
Balance at 30 June 2020	140.490	-	91.563	59.417	67.209	58.983	417.662
Balance at 31 December 2019	140.490	-	94.368	66.788	58.934	71.783	432.363

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 13. Investment property

	30 June 2020	31 December 2019
	€	€
Balance at 1 January	206.370.000	195.850.000
Additions	33.017	9.096.358
Capitalisation of interest expenses	-	522.509
Fair value adjustment for the period/ year	(12.273.566)	901.133
Adjustment to historical cost (note 20)	150.549	-
<b>Balance at 30 June/31 December</b>	<b>194.280.000</b>	<b>206.370.000</b>

The Company's investment properties were most recently valued by an external appraiser at 30 June 2020. This process was rendered necessary due to the recent developments of the Covid-19 pandemic and its potential impact on the business operations. The appraiser included in the valuation was the 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. Fair value is based on an active market process and 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 prepared annually by independent valuers and reviewed and adopted by management. Changes in fair value are recorded in profit or loss and are included in "fair value gains/(losses) on investment property".

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

In accordance with the Company's practices, direct operating expenses (including repairs and maintenance) arising from investment property that generated rental and other income during the period, are recharged to tenants and do not accrue in profit or loss (note 8). Capitalised borrowing costs are identifiable to specific borrowing facilities of the Company.

The Company's investment properties were most recently valued by management as at 30 June 2020. As part of this process, which was rendered necessary due to the recent developments of the Covid-19 pandemic and its potential impact on the business operations, management applied the same discounted cashflow valuation technique performed by independent and qualified valuers at 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 valuations 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 reporting period year end for which a valuation is conducted, the finance department:

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

Management has considered the key assumptions and have concluded on a fair value loss of the investment property of €12.273.566 (gain for the year ended 31 December 2019: €901.133).

The amount of €150.549 relates to adjustments to the historical cost of Investment Property, following the arbitration decision described in Note 20, which has assigned an amount in excess of Management's initial estimate for the value of works performed by the main constructor of the Mall of Cyprus.

Bank borrowings are secured on the Company's investment property for €103.000.000 (31 December 2019: €103.000.000) (Note 18) as follows:

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 13. Investment property (continued)

(i) By 1st mortgage on the Company's land and buildings for €74.000.000

(ii) By 2nd mortgage on the Company's land and buildings for €12.000.000

(iii) By 3rd mortgage on the Company's land and buildings for €17.000.000

#### Fair value hierarchy

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

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

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value measurement, based on the inputs to the valuation technique used at each of 30 June 2020 and 31 December 2019.

	Cyprus Shopping Mall	30 June 2020	31 December 2019
	€	€	€
Fair Value hierarchy	3	3	3
Opening fair value	206.370.000	206.370.000	195.850.000
Adjustment to historical cost	150.549	150.549	-
Completion of assets under construction, including capitalised interest	33.017	33.017	9.618.867
(Losses)/ gains from fair value adjustments on investment property	(12.273.566)	(12.273.566)	901.133
	<u>194.280.000</u>	<u>194.280.000</u>	<u>206.370.000</u>

#### Valuation technique and significant unobservable inputs

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

Period end 30 June 2020:

Property	Valuation €	Valuation technique	Discount rate %	Terminal capitalisation rate %	Revenue in year 1 €
Cyprus	194.280.000	Income approach - Discounted cash flows with estimated costs to complete	4,25 - 9,75	4,25 - 8,00	13.576.511

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 13. Investment property (continued)

Year end December 2019:

<u>Property</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>
Cyprus	206.370.000 Income approach - Discounted cash flows with estimated costs to complete	4,00 - 9,50	4,00 - 7,75	13.472.195

### Valuation techniques underlying management's estimation of fair value

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

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease
Maintenance costs	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs, vacancy rates and market rents

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

Land and buildings with a total carrying amount of €194.280.000, the valuation was determined using discounted cash flow projections. Properties valued using the discounted cash flows model take into account future rental values, vacant spaces and maintenance costs discounted to the present value using an estimated discount rate. These values are adjusted for differences in the market conditions such as demand and finance affecting market sales. The most significant input into this valuation approach is license fees and discount rates. The external valuer applies as a cross check to the DCF method, the Income Capitalisation approach, through which the maximum potential income of the properties is estimated and capitalised with the appropriate rate of return. Both the primary and the secondary methods yield similar outcomes.

As at 31 December 2019, the Company has achieved full completion of the works regarding the project for the expansion of the Mall of Cyprus by about an additional area of circa 5.500m<sup>2</sup> on the first and ground floor, the use of which is for retail, entertainment and cultural purposes in order to meet the demands of its customers/visitors and also increase the variety of offerings at the mall. With the expansion, about an additional 300 parking places were created as well.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 14. Loans receivable

	30 June 2020	31 December 2019
	€	€
Loans to parent (Note 23.6)	<u>355.483</u>	-
	355.483	-
Less current portion	<u>(355.483)</u>	-
Non-current portion	<u>-</u>	-

The loans are repayable as follows:

	2020	2019
	€	€
Within one year	<u>355.483</u>	-

### 15. Trade and other receivables

	30 June 2020	31 December 2019
	€	€
Trade receivables	5.190.592	2.093.809
Other receivables	294.434	372.276
Less: provision for impairment of receivables	<u>(1.354.445)</u>	<u>(564.855)</u>
Trade and other receivables - net	4.130.581	1.901.230
Receivables from related companies (Note 23.3)	<u>-</u>	<u>45.398</u>
	<u>4.130.581</u>	<u>1.946.628</u>

The Company has recognised a loss of €789.590 (2019: €76.217) relating to the increase in the provision for impairment of trade receivables during the period ended 30 June 2020. The loss has been included in "administration and other operating expenses" in profit or loss.

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

Movement in provision for impairment of receivables:

	30 June 2020	31 December 2019
	€	€
Balance at 1 January	564.855	488.638
Impairment losses recognised on receivables (note 8)	<u>789.590</u>	<u>76.217</u>
Balance at 30 June/31 December	<u>1.354.445</u>	<u>564.855</u>

### 16. Cash at bank and in hand

	30 June 2020	31 December 2019
	€	€
Cash in current accounts and in hand	5.841	6.734
Short term deposits with banks	<u>11.809.097</u>	<u>14.700.513</u>
	<u>11.814.938</u>	<u>14.707.247</u>

Management considers the deposits to fully meet the definitions of "cash equivalents", based on the agreed terms of the banks.



# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 16. Cash at bank and in hand (continued)

For the purposes of the condensed interim statement of cash flows, the cash and cash equivalents include the following:

	30 June 2020	31 December 2019
	€	€
Cash and bank balances	11,814,938	14,707,247
Bank overdrafts (Note 18)	(415,462)	(580,346)
	<u>11,399,476</u>	<u>14,126,901</u>

### 17. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
<b>Authorised</b>				
Ordinary shares of €0,50 each	<u>171,000,000</u>	<u>85,500,000</u>	<u>171,000,000</u>	<u>85,500,000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>100,000,000</u>	<u>50,000,000</u>	<u>100,000,000</u>	<u>50,000,000</u>
Balance at 30 June/31 December	<u>100,000,000</u>	<u>50,000,000</u>	<u>100,000,000</u>	<u>50,000,000</u>

### 18. Borrowings

	30 June 2020	31 December 2019
	€	€
<b>Current borrowings</b>		
Bank overdrafts (Note 16)	415,462	580,346
Bank loans	2,375,755	5,450,229
Loan from parent company (Note 23.5)	-	2,649,736
	<u>2,791,217</u>	<u>8,680,311</u>
<b>Non-current borrowings</b>		
Bank loans	<u>100,005,314</u>	<u>97,598,920</u>
<b>Total</b>	<u>102,796,531</u>	<u>106,279,231</u>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 18. Borrowings (continued)

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

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

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

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

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

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

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

As stated in Note 1, the Company reached an agreement with the Bank of Cyprus Public Company Ltd in terms of which no interest or principal loan instalments will be due for a period of nine months from April 2020 to December 2020. As part of this agreement the maturity date of the loans has been extended for a period of between 12 and 17 months from the contractual expiration/maturity of the loans. The banks have also indicated certain relaxations in the enforceability of loan covenants during the mentioned period. As a result of modifications in loan terms, the Company recognised gains of €233.761 (note 9).

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 18. Borrowings (continued)

The bank loans are secured as follows:

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

Maturity of non-current borrowings:

	2020	2019
	€	€
Between one to two years	5.860.655	5.656.510
Between two and five years	18.564.460	24.849.533
After five years	75.580.199	67.092.877
	<u>100.005.314</u>	<u>97.598.920</u>

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

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

The carrying amount of borrowings approximate their fair value.

### 19. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 10). The applicable corporation tax rate in the case of tax losses is 12,5% (there are no tax losses available for offset at 30 June 2020 and 31 December 2019 respectively).

#### Deferred tax liability

	30 June 2020	31 December 2019
	€	€
Balance at 1 January	18.705.794	18.402.330
Movement in profit or loss due to:		
Fair value gains on investment property	(1.818.199)	(21.186)
Difference between depreciation and wear & tear allowances	542.453	324.650
Balance at 30 June/31 December	<u>17.430.048</u>	<u>18.705.794</u>

Deferred taxation liability arises as follows:

	30 June 2020	31 December 2019
	€	€
Fair value changes on investment property	10.661.180	12.479.379
Difference between depreciation and wear & tear allowances	6.768.868	6.226.415
	<u>17.430.048</u>	<u>18.705.794</u>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 19. Deferred tax (continued)

The Company recognises deferred tax attributed to the following:

- Differences between wear & tear allowances and depreciation: The Company recognises deferred tax liabilities at each reporting period end between the assessed disposal value of eligible assets used in the business (property and equipment and buildings under investment property) and their tax written down values, taking into account the result of balancing additions that would arise for income tax purposes. The applicable rate is 12.5%.
- Differences on revaluation of investment property: Land and Buildings classified as investment property, upon disposal would be taxed under the capital gains regime, at the rate of 20%.

### 20. Provisions for other liabilities and charges

	Legal claims €
Balance at 31 December 2019/1 January 2020	1.500.000
Adjustment to cost of investment property (note 13)	150.549
Charged to profit or loss (note 8)	904.428
Balance at 30 June 2020	<u>2.554.977</u>

Provisions for other liabilities represents Management's best estimate of obligations that might arise from claims, including legal action made against it, by the primary constructor of the Mall of Cyprus. On 31 August 2020, an arbitration ruling was issued, based on which the counterparty was awarded €1.650.549 plus delayed payment interest, with the total amount burdening the Company as of the date of the decision, including such interest and as well as associated arbitration fees, amounting to €2.554.977. Management has therefore revised the amount provided for as of the reporting date, with associated charges presented in profit or loss under administration and other operating expenses (note 8) and by adjusting prospectively the historical cost of investment property (note 13).

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

### 21. Trade and other payables

	30 June 2020 €	31 December 2019 €
Trade payables	664.050	611.237
Retentions for construction work on investment property	690.483	690.483
Cash guarantee	124.470	73.532
VAT and other payables	1.586.494	758.221
Accruals	35.649	64.833
Deposits by tenants	1.872.779	1.970.410
Deferred income	445.835	577.652
Payables to fellow subsidiaries (Note 23.4)	33.766	-
Payables to related companies (Note 23.4)	<u>218.514</u>	<u>149.486</u>
	5.672.040	4.895.854
Less non-current payables	<u>(2.179.406)</u>	<u>(2.337.268)</u>
Current portion	<u>3.492.634</u>	<u>2.558.586</u>

"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 CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 21. Trade and other payables (continued)

"Deferred income" relates to capital expenditure incurred by the Company on behalf of certain tenants, in transforming/enhancing the space occupied in the Mall of Cyprus with individualised features and improvements, and which have resulted in enhancements in the fair value of the investment property. For the Company to recognise any deferred income, enhancements should be contractually provisioned to remain within the Company's ownership. Hence the tenant not occupying any claims for any contributions made. Amounts recognised in profit or loss under "other operating income", are based on the duration of each individual corresponding license/lease contract (Note 6).

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

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

### 22. Current tax liabilities/(refundable taxes)

	30 June 2020	30 June 2019
	€	€
Refundable taxes	(143.794)	(140.990)
Corporation tax	212.582	-
	<u>68.788</u>	<u>(140.990)</u>

### 23. Related party transactions

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

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

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

The main shareholders of the Company as at 30 June 2020 are (i) Brightbridge Real Estate Limited (Cyprus) through its indirect 36,56% shareholding in Atterbury Cyprus Limited (the parent company), (ii) RMB Holdings Limited (South Africa) through its indirect 36,56% shareholding in Atterbury Cyprus Limited and (iii) Business Venture Investments No 1360 (Pty) Ltd (South Africa) through its indirect 24,38% shareholding in Atterbury Cyprus Limited.

The following transactions were carried out with related parties (refer also to note 18 for further information on borrowings with related parties):

#### 23.1 Directors' remuneration

The remuneration of Directors was as follows:

	2020	2019
	€	€
Directors' fees	1.250	1.250
	<u>1.250</u>	<u>1.250</u>

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 23. Related party transactions (continued)

#### 23.2 Purchases of services / finance charges

	2020	2019
	€	€
Purchases of services	<u>375.212</u>	<u>1.834.968</u>
	<u>375.212</u>	<u>1.834.968</u>

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

#### 23.3 Receivables from related parties (Note 15)

	30 June 2020	31 December 2019
	€	€
<u>Name</u>		
The Mall of Engomi (ME) Plc	-	45.398
	-	<u>45.398</u>

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

#### 23.4 Payables to related parties (Note 21)

	2020	2019
	€	€
<u>Name</u>		
Atterbury Cyprus Limited	43.553	21.776
Atterbury Europe Services B.V.	174.961	127.710
The Mall of Engomi (ME) Plc	<u>33.766</u>	-
	<u>252.280</u>	<u>149.486</u>

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

#### 23.5 Loans from related parties (Note 18)

	2020	2019
	€	€
Atterbury Cyprus Limited	-	2.649.734
	-	<u>2.649.734</u>

The loan from immediate parent Atterbury Cyprus Limited was provided with interest of 3-month Euribor plus 4,38%, and there was no specified repayment date. The loan was fully repaid during the period.

#### 23.6 Loans to related parties (Note 14)

	2020	2019
	€	€
Atterbury Cyprus Limited	<u>355.483</u>	-
	<u>355.483</u>	-

During the year, the ultimate shareholder made repayments of amount €3.000.000 to the Company in relation to the loan described in note 23.5. The loan was provided with an interest rate of 4,50%, and has no specified repayment date.

# THE MALL OF CYPRUS (MC) PLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 23. Related party transactions (continued)

#### 23.7 Guarantees

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

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

### 24. Contingent liabilities

The Company acts as a guarantor to the bank loan of fellow subsidiary The Mall of Engomi (ME) Plc for the amount of €23.200.000. It is not expected that any loss will result from such guarantees provided by the Company, since the property of the borrower is also pledged as security.

### 25. Commitments

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

##### License fee

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

##### Rental income on land assets

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

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

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

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

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

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

# THE MALL OF CYPRUS (MC) PLC

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020

### 26. Events after the reporting period

On 31 August 2020, an arbitration ruling was issued regarding an ongoing legal case as described in note 20.

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