

THE MALL OF ENGOMI (ME) PLC
UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30
JUNE 2022

THE MALL OF ENGOMI (ME) PLC

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2022 to 30 June 2022

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THE MALL OF ENGOMI (ME) PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Martin Olivier George Mouskides Takis Christodoulou John George Mavrokordatos
Company Secretary:	Montrago Services Limited
Legal Advisers:	Elias Neocleous & Co LLC
Registered office:	3 Verginas Street The Mall of Cyprus Strovolos 2025, Nicosia Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Eurobank Cyprus Ltd
Registration number:	HE75033

THE MALL OF ENGOMI (ME) PLC

MANAGEMENT REPORT

The Board of Directors of The Mall of Engomi (ME) Plc (the "Company") presents its Management Report together with the unaudited condensed interim financial statements of the Company for the period from 1 January 2022 to 30 June 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 period from 1 January 2022 to 30 June 2022 was €1,796,830 compared to €936,734 for the corresponding period ended 30 June 2021. The operating profit of the Company for the period ended 30 June 2022 was €801,649 (period ended 30 June 2021: €269,139).

The loss after tax of the Company for the period ended 30 June 2022 amounted to €260,399 (30 June 2021: loss after tax €15,601).

On 30 June 2022 the total assets of the Company were €48,584,158 (31 December 2021: €49,003,097) and its net assets were €17,394,160 (31 December 2021: €17,654,559). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in 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 is primarily exposed to interest rate risk, credit risk, liquidity risk and capital risk.

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.

Interest rate risk

The Company's interest rate risk mainly arises from long-term bank borrowings, short term loans payable to group companies as well as from loans receivable due from related entities. Borrowings issued to, and loans granted by the Company at variable rates expose it to cash flow interest rate risk. Borrowings at fixed rates expose the Company to fair value interest rate risk. All borrowings as at 30 June 2022 are at variable rates.

As at 30 June 2022, the Company's liabilities which bore variable interest rates amounted to €29,420,688. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

Credit risk

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

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

THE MALL OF ENGOMI (ME) PLC

MANAGEMENT REPORT

As at 30 June 2022 the Company's credit risk arises from trade receivables amounting to €166.997 (net, after cumulative expected credit losses of €40.341), loans receivable due from related parties amounting to €3.873.981 and bank balances amounting to €1.533.830 (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 2022 the Company's net debt amounted to €27.886.491 (31 December 2021: €27.363.803) and total equity of €17.394.160 (31 December 2021: €17.654.559) leading to a gearing ratio of 61,59% (31 December 2021: 60,78%).

Results

The Company's results for the period are set out on page 7.

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.

THE MALL OF ENGOMI (ME) PLC

MANAGEMENT REPORT

Operating Environment of the Company and going concern considerations

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Company has no direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the absence of any direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any remedial action in case the crisis becomes prolonged.

Board of Directors

The members of the Company's Board of Directors as at 30 June 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 period from 1 January 2022 to 30 June 2022.

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

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

THE MALL OF ENGOMI (ME) PLC

MANAGEMENT REPORT

Main shareholders and related party transactions

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

	30 June 2022 Percentage of shareholding %	27 September 2022 Percentage of shareholding %
Direct shareholder:		
Atterbury Cyprus Limited	99,50	99,50
Indirect shareholder (through their Indirect holdings in Atterbury Limited):		
RMH Property Holdco 2 (Pty) Ltd (South Africa)	36,38	-
Business Venture Investments No 1360 (Pty) Ltd (South Africa)	24,25	24,25
Brightbridge Real Estate Ltd	36,38	48,51
Pareto Limited	-	24,25

By order of the Board of Directors,



Monrago Services Limited
Secretary

Nicosia, 27 September 2022

MONRAGO SERVICES LIMITED

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 period from 1 January 2022 to 30 June 2022, on the basis of our knowledge, declare that:

(a) The financial statements of the Company which are presented on pages 7 to 26:

(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.

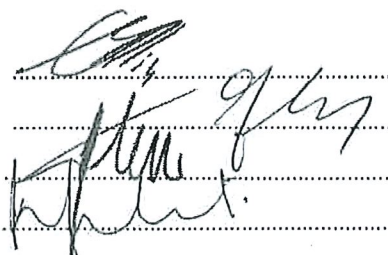
Members of the Board of Directors:

Martin Olivier - Director

George Mouskides - Director

Takis Christodoulou - Director

John George Mavrokordatos - Director



Responsible for drafting the financial statements

Antonia Constantinou (Financial Controller)



Nicosia, 27 September 2022

THE MALL OF ENGOMI (ME) PLC

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2022 to 30 June 2022

		Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
	Note		
Rights for use of space and other revenue	5	1.796.830	936.734
Other operating income	6	36.203	12.760
Fair value (loss)/gains on investment property	7	(137.684)	5.000
Administration and other operating expenses	8	(893.700)	(685.355)
Operating profit		801.649	269.139
Finance income	9	80.316	77.818
Finance costs	9	(545.142)	(369.166)
Other losses	19	(549.836)	-
Loss before tax		(213.013)	(22.209)
Tax	10	(47.386)	6.608
Loss for the period		(260.399)	(15.601)
Other comprehensive income		-	-
Total comprehensive loss for the period		(260.399)	(15.601)
Loss per share attributable to equity holders (cent)	11	(2,60)	(0,16)

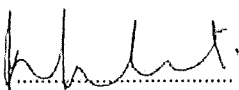
The notes on pages 11 to 26 form an integral part of these financial statements.

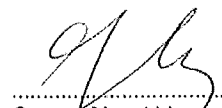
THE MALL OF ENGOMI (ME) PLC

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AT 30 June 2022

	Note	30 June 2022 €	31 December 2021 €
ASSETS			
Non-current assets			
Property and equipment	12	29.369	32.272
Investment property	13	<u>42.860.000</u>	<u>42.860.000</u>
		<u>42.889.369</u>	<u>42.892.272</u>
Current assets			
Trade and other receivables	15	284.522	295.443
Loans receivable	14	3.873.981	3.793.665
Refundable taxes	22	2.089	2.089
Cash at bank and in hand	17	<u>1.534.197</u>	<u>2.019.628</u>
		<u>5.694.789</u>	<u>6.110.825</u>
TOTAL ASSETS		<u>48.584.158</u>	<u>49.003.097</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1.000.000	1.000.000
Capital reserve		212.687	212.687
Retained earnings		<u>16.181.473</u>	<u>16.441.872</u>
Total equity		<u>17.394.160</u>	<u>17.654.559</u>
Non-current liabilities			
Borrowings	19	28.288.279	28.337.485
Trade and other payables	21	681.026	675.026
Deferred tax liabilities	20	<u>310.623</u>	<u>264.808</u>
		<u>29.279.928</u>	<u>29.277.319</u>
Current liabilities			
Provisions for other liabilities and charges	21	135.716	135.716
Trade and other payables	21	641.945	889.557
Borrowings	19	<u>1.132.409</u>	<u>1.045.946</u>
		<u>1.910.070</u>	<u>2.071.219</u>
Total liabilities		<u>31.189.998</u>	<u>31.348.538</u>
TOTAL EQUITY AND LIABILITIES		<u>48.584.158</u>	<u>49.003.097</u>

On 27 September 2022 the Board of Directors of The Mall of Engomi (ME) Plc authorised these financial statements for issue.


John George Mavrokordatos
Director


George Mouskides
Director

The notes on pages 11 to 26 form an integral part of these financial statements.

THE MALL OF ENGOMI (ME) PLC

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2022 to 30 June 2022

	Share capital €	Capital reserve €	Retained earnings €	Total €
Balance at 1 January 2021	1.000.000	212.687	15.482.144	16.694.831
Comprehensive income				
Net loss for the period	-	-	(15.601)	(15.601)
Balance at 30 June 2021	<u>1.000.000</u>	<u>212.687</u>	<u>15.466.543</u>	<u>16.679.230</u>
Balance at 1 January 2022	1.000.000	212.687	16.441.872	17.654.559
Comprehensive loss				
Net loss for the period	-	-	(260.399)	(260.399)
Balance at 30 June 2022	<u>1.000.000</u>	<u>212.687</u>	<u>16.181.473</u>	<u>17.394.160</u>

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 11 to 26 form an integral part of these financial statements.

THE MALL OF ENGOMI (ME) PLC

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period from 1 January 2022 to 30 June 2022

		Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(213.013)	(22.209)
Adjustments for:			
Depreciation of property and equipment	12	2.903	202
Fair value losses/(gains) on investment property	13	137.684	(5.000)
Amortisation of lease discounts		-	5.000
Fair value loss on modification on loans payable	19	549.836	-
Interest income	9	(80.316)	(77.818)
Interest expense	9	545.142	369.166
		<u>942.236</u>	<u>269.341</u>
Changes in working capital:			
Changes in working capital		<u>(210.518)</u>	<u>1.049.518</u>
Cash generated from operations		731.718	1.318.859
Income tax paid		<u>-</u>	<u>(8.445)</u>
Net cash generated from operating activities		731.718	1.310.414
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment	12	-	(3.069)
Payment for construction of investment property (excluding capitalised interest paid)	13	(156.142)	(6.668.791)
Loans repayments received		<u>-</u>	<u>250.000</u>
Net cash used in investing activities		(156.142)	(6.421.860)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings, including interest		(1.061.007)	(9.248.903)
Proceeds from borrowings		<u>-</u>	<u>13.327.586</u>
Net cash (used in)/generated from financing activities		(1.061.007)	4.078.683
Net decrease in cash and cash equivalents		(485.431)	(1.032.763)
Cash and cash equivalents at beginning of the period		<u>2.019.628</u>	<u>1.690.454</u>
Cash and cash equivalents at end of the period	17	1.534.197	657.691

Significant non -cash transactions are disclosed in the notes to the financial statements

The notes on pages 11 to 26 form an integral part of these financial statements.

THE MALL OF ENGOMI (ME) PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2022 to 30 June 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.

Operating Environment of the Company and assessment of Going Concern status

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for [please complete accordingly] in case the crisis becomes prolonged.

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

- the successful deliberations with financial institutions in obtaining, during 2020, a period of debt repayment postponement and in addition, an extension of final debt settlement
- the implementation of an all-round plan of managing relationships with tenants (involving a concession scheme and special credit granting arrangements)
- containment of operational costs

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

THE MALL OF ENGOMI (ME) PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2022 to 30 June 2022

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

With respect to this scenario, the Company maintains a positive cash and net working capital position (excluding short-term loan obligations to related entities) and based on its cashflow forecasts extended to year 2022 such are expected to remain. In the event however of any temporary shortfall, Group financial support may be available by delaying/deferring settlements of amounts due to other Atterbury group companies, for easing cash flow pressures.

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

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

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

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

- Interruption of operations and worsening of the financial position of customers

Management acknowledges the possibility that tenants, who have already suffered financial losses and reduced performance, may in future continue to face such risks. This is an issue that is being appropriately managed with continuous monitoring of the tenants' ongoing situation, and by considering options such as special repayment terms and temporary concessions.

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 2022. This adoption did not have a material effect on the accounting policies of the Company.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim financial statements are consistent to those used in the audited financial statements for the period ended 31 December 2021, unless otherwise stated in relation to the application of the new IFRSs as from 1 January 2022.

The condensed interim financial statements of the Company have been prepared in accordance with the 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.

THE MALL OF ENGOMI (ME) PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2022 to 30 June 2022

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:

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

- *New standard: IFRS 17 Insurance Contracts (Effective for annual reporting periods beginning on or after 1 January 2023)*

Amendments

IFRS Interpretations Committee

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IFRS 17 Insurance Contracts (Effective for annual reporting periods beginning on or after 1 January 2023)*
- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective for annual periods beginning on or after 1 January 2023)*

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

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 2023)*
- *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).*

The above are expected to have no significant impact on the Company's financial statements when they become effective.

5. Rights for use of space and other revenue

Disaggregation of revenue

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
Rights for use of space - Minimum license fees	1.316.487	652.113
Rights for use of space - Additional license fees	19.534	-
Lease related expenses from discounts granted	(12.500)	(5.000)
Lease related expenses from relocation incentives granted	(44.631)	-
Lease related income from tenant contributions	2.537	-
Total lease income	1.281.427	647.113
Revenue from service charge, utilities and other recoveries	515.403	289.621
Total revenue from contracts with tenants	1.796.830	936.734

THE MALL OF ENGOMI (ME) PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2022 to 30 June 2022

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

(continued)

Income from the "Rights of use of space" relates to license/lease agreements that were in effect during the period to 30 June 2022. Income that is derived based on the financial performance of tenants is separately presented under "Additional licence fees" and is determined as a percentage of the tenants' revenue; as stipulated in their license/lease agreements.

"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.

"Relocation incentives" refer to incentives the Company has granted to tenants. The incentives are released/amortised to profit or loss over the lease terms of the applicable tenants, arriving at reported revenue (essentially treated as "discounts").

"Lease related expenses from discounts granted" relate to the discounts given to tenants by the Company. The discounts were predominantly given as a result of the global pandemic COVID-19 and the "strict" lockdown period in Cyprus when all malls and retail centres were closed. For the tenants to have qualified for this discount they had to comply with certain set conditions. The discounts are amortised to profit or loss over the remaining lease term of tenants' contracts from the date the discount was given in accordance with IFRS 16 (i.e. treated as a lease modification). The unamortised amount is presented as a lease receivable in the financial statements, prior to its reclassification in investment property (note 13).

6. Other operating income

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
Other lease related income	<u>36.203</u>	<u>12.760</u>
	<u>36.203</u>	<u>12.760</u>

7. Fair value gains on investment property

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
Fair value (loss)/gain on investment property (note 13)	<u>(137.684)</u>	<u>5.000</u>
	<u>(137.684)</u>	<u>5.000</u>

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2022 to 30 June 2022

8. Administration and other operating expenses

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
Common expenses	209.389	256.015
Sundry expenses	510	703
Auditor's remuneration	6.500	6.500
Legal fees	5.590	4.805
Cyprus stock exchange expenses	6.734	6.750
Directors' fees	1.250	1.250
Other professional fees	140.441	116.761
Bad debts written off	276	-
Bank charges	4.704	2.748
Property management, maintenance and utility costs	515.403	289.621
Depreciation	2.903	202
	<u>893.700</u>	<u>685.355</u>

9. Finance income/costs

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
Finance income		
Loan interest income	80.316	77.818
	<u>80.316</u>	<u>77.818</u>

Interest expense

Bank borrowings (note 19)	(545.142)	(369.166)
	<u>(545.142)</u>	<u>(369.166)</u>

Net finance costs

	<u>(464.826)</u>	<u>(291.348)</u>
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10. Income tax

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
Corporation tax - prior years	-	7.189
Defence contribution - current period	-	1.256
Deferred tax - charge/(credit) (Note 20)	47.386	(15.053)
Charge/(credit) for the period	<u>47.386</u>	<u>(6.608)</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%.

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11. Loss per share attributable to equity holders

	Six months ended 30 June 2022	Six months ended 30 June 2021
Loss attributable to equity holders (€)	<u>(260.399)</u>	<u>(15.601)</u>
Weighted average number of ordinary shares in issue during the period	<u>10.000.000</u>	<u>10.000.000</u>
Loss per share attributable to equity holders (cent) - basic and diluted	<u>(2,60)</u>	<u>(0,16)</u>

12. Property and equipment

	Signs €	Plant and machinery €	Computer hardware €	Total €
Cost				
Balance at 1 January 2021	88.371	76.821	1.045	166.237
Additions	<u>15.408</u>	<u>18.503</u>	<u>-</u>	<u>33.911</u>
Balance at 31 December 2021/ 1 January 2022	<u>103.779</u>	<u>95.324</u>	<u>1.045</u>	<u>200.148</u>
Balance at 30 June 2022	<u>103.779</u>	<u>95.324</u>	<u>1.045</u>	<u>200.148</u>
Depreciation				
Balance at 1 January 2021	88.371	76.498	1.045	165.914
Charge for the period	<u>385</u>	<u>1.577</u>	<u>-</u>	<u>1.962</u>
Balance at 31 December 2021/ 1 January 2022	<u>88.756</u>	<u>78.075</u>	<u>1.045</u>	<u>167.876</u>
Charge for the period	<u>1.156</u>	<u>1.747</u>	<u>-</u>	<u>2.903</u>
Balance at 30 June 2022	<u>89.912</u>	<u>79.822</u>	<u>1.045</u>	<u>170.779</u>
Net book amount				
Balance at 30 June 2022	<u>13.867</u>	<u>15.502</u>	<u>-</u>	<u>29.369</u>
Balance at 31 December 2021	<u>15.023</u>	<u>17.249</u>	<u>-</u>	<u>32.272</u>

13. Investment property

	2022 €	2021 €
Balance at 1 January	42.860.000	33.970.000
Redevelopment costs and other additions	156.142	7.846.307
Lease incentives, concessions and def. income adjustment	(18.458)	231.967
Capitalisation of interest expenses	-	131.857
Fair value adjustment	<u>(137.684)</u>	<u>679.869</u>
Balance at 31 December	<u>42.860.000</u>	<u>42.860.000</u>

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13. Investment property (continued)

The investment properties are valued annually at fair value comprising open market value based on valuations by an independent, professionally qualified valuer. Fair value is based 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 30 June 2022 for the aforementioned incentives, was derived from unamortised discounts granted to tenants classified under "other assets" as well as from deferred income, classified under "trade and other payables".

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

Valuation processes of the Company

The Company's investment properties were most recently valued as at 31 December 2021 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.

Bank borrowings are secured on the Company's investment property for €31.211.817 (31 December 2021: €31.211.817).

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 31 December 2021.

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For the period from 1 January 2022 to 30 June 2022

13. Investment property (continued)

Valuation technique and significant unobservable inputs

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

Year end 31 December 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>
Cyprus	42.860.000	Income approach Discounted cash flows	10,25	8,25	3.485.453

Valuation techniques underlying management's estimation of fair value

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

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;

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

14. Loans receivable

Loan receivable due from Atterbury Cyprus Limited:

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For the period from 1 January 2022 to 30 June 2022

14. Loans receivable (continued)

	2022 €	2021 €
Balance at 1 January	3.793.665	3.887.690
Repayments	-	(250.000)
Interest charged	80.316	155.975
Balance at 30 June/ 31 December	3.873.981	3.793.665

	30 June 2022 €	31 December 2021 €
Loans to parent (Note 23.4)	3.873.981	3.793.665
	3.873.981	3.793.665

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

The effective interest rates on receivables were as follows:

	30 June 2022	31 December 2021
Loans to parent	4,20%	4,08%

15. Trade and other receivables

	30 June 2022 €	31 December 2021 €
Trade receivables	207.338	131.361
Less: expected credit loss on trade receivables	(40.341)	(40.341)
Trade receivables - net	166.997	91.020
Deposits and prepayments	117.525	167.807
Unbilled service charges to tenants	-	36.616
	284.522	295.443

Unbilled service charges to tenants relate to common expenses not yet recharged to the tenants as at the previous year end.

Movement in provision for impairment of receivables:

	30 June 2022 €	31 December 2021 €
Balance at 1 January	40.341	40.341
Balance at 30 June/ 31 December	40.341	40.341

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For the period from 1 January 2022 to 30 June 2022

16. Other assets

	30 June 2022	31 December 2021
	€	€
Unamortised discounts granted to tenants (amount prior to transfer to "investment property")	383.906	404.901
Less: reclassification of discounts to tenants to investment property (note 13)	(383.906)	(404.901)
Balance at 30 June	-	-

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

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.

17. Cash at bank and in hand

Cash balances are analysed as follows:

	30 June 2022	31 December 2021
	€	€
Cash at bank and in hand	1.534.197	2.019.628
	1.534.197	2.019.628

Cash and cash equivalents by type:

	30 June 2022	31 December 2021
	€	€
Current account	1.239.540	254.988
Sight account	-	1.584.081
Guarantee deposit	294.290	180.433
Cash in hand	367	126
	1.534.197	2.019.628

Bank of Cyprus is the sole credit institution with which cash is held by the Company (credit rating: Caa1 - Moody's).

18. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Ordinary shares of €0,10 each	11.000.000	1.100.000	11.000.000	1.100.000
Issued and fully paid				
Balance at 1 January	10.000.000	1.000.000	10.000.000	1.000.000
Balance at 30 June/ 31 December	10.000.000	1.000.000	10.000.000	1.000.000

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For the period from 1 January 2022 to 30 June 2022

19. Borrowings

	30 June 2022	31 December 2021
	€	€
Current borrowings		
Bank loans	1,132,409	1,045,946
Non-current borrowings		
Bank loans	28,288,279	28,337,485
Total	29,420,688	29,383,431

(a) Bank loans

(i) Facility Agreement

The loan agreement, most recently renewed on 9 February 2022, comprises four distinct borrowing facilities as shown in the table below:

Facility	Commitment	Interest rate	Maturity
Facility A	€20,000,000	3m Euribor + 3,50%	15/06/2027
Facility B	€90,000,000	3m Euribor + 3,50%	15/10/2033
Facility C	€18,900,000	3m Euribor + 3,50%	15/05/2031
Ancillary Facility	€3,000,000	3m Euribor + 4,20%	N/A

The ancillary facility represents the aggregated amount of overdrafts of the Company and its fellow subsidiary, amounting to €1,000,000 and €2,000,000 respectively.

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

The bank has imposed the following covenants, in respect of the Group (defined as the Company, its parent and fellow subsidiary) on the specific agreement as well as all other applicable loan arrangements:

- 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 (Facility C and Ancillary facility) are secured as follows:

- a) Atterbury Cyprus Limited guaranteed the loans of the Company up to an amount of €23,200,000.
- b) The Mall of Cyprus (MC) Plc guaranteed the loans of the Company up to an amount of €23,200,000.
- c) By floating charge of €23,200,000 on the assets of the Mall of Engomi (ME) Plc.
- d) By the assignment of €23,200,000 from the rights of use of space in the Shacolas Emporium Park.

(ii) Redevelopment Loan

During 2021, 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 bore interest of 3 month Euribor plus 3,40%. 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.

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19. Borrowings (continued)

The new 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.

Securities are limited to the outstanding book balance of €29.453.463.

On 9 February 2022, upon the sign off of the latest amendment agreements, the interest rate for Facilities A, B and C, as well as that of the Redevelopment Loan, was increased from 3m Euribor + 3,40% to 3m Euribor + 3,50%, while at the same time monthly installments were decreased, thus increasing the final repayment amounts at maturity. As a result, a fair value (modification) loss was recognised at the date of the modification, amounting to €549.836, recognised in "other losses" in profit or loss.

Maturity of non-current borrowings:

	30 June 2022	31 December 2021
	€	€
Between one to two years	1.170.998	1.132.478
Between two and five years	5.177.659	3.644.887
After five years	21.939.622	23.560.120
	<u>28.288.279</u>	<u>28.337.485</u>

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

	30 June 2022	31 December 2021
	%	%
Bank loans	3,50%	3,40%
Loans from related companies	-	-

The carrying amount of borrowings approximates their fair value.

20. 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 31 December 2021 and 2020 respectively).

Deferred tax liability

	30 June 2022	31 December 2021
	€	€
Balance at 1 January	264.808	15.053
Difference between depreciation and wear & tear allowances	(2.173)	249.755
Accelerated tax benefit - discounts granted to tenants	47.988	-
Balance at 30 June	<u>310.623</u>	<u>264.808</u>

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For the period from 1 January 2022 to 30 June 2022

20. Deferred tax (continued)

Deferred taxation liability arises as follows:

	30 June 2022	31 December 2021
	€	€
Accelerated tax benefit - discounts granted to tenants	47.988	-
Difference between depreciation and wear & tear allowances	262.635	264.808
	310.623	264.808

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 due to discounts to tenants: Deferred tax liability arises based on the full claim during the periods ended 30 June 2022 and 31 December 2021 of the corporation tax effect for the entire discounts granted to tenants. The amortisation of the capitalised amounts with respect to such discounts will be over the remaining duration of each corresponding lease agreement (Note 13), will be ignored in arriving at future taxable profits, as such a timing difference arises.

21. Trade and other payables and provisions for other liabilities and charges

	30 June 2022	31 December 2021
	€	€
Trade payables	404.870	494.621
Value added tax	154.021	62.749
Provision on financial guarantee contracts	135.716	135.716
Accruals	31.902	7.772
Deposits by tenants	681.026	675.026
Deferred income (amount prior to transfer to "investment property")	20.397	22.934
Less: deferred income transferred to "investment property"	(20.397)	(22.934)
Prepaid amounts by tenants	-	57.690
Payables to fellow subsidiaries (Note 23.5)	29.628	231.025
Payables to other related parties (Note 23.5)	21.524	35.700
Payables to indirect shareholder	1.458.687	1.700.299
Less non-current payables	(681.026)	(675.026)
Current portion	777.661	1.025.273

"Deposits by tenants" relate to security deposits made by tenants upon the inception of their license/lease agreements. These security deposits will be refunded by the Company to the tenants upon the termination of their lease terms, if all set requirements are met. The Company accounts for these security deposits as a financial liability at amortised cost. Where some license/lease agreements do not stipulate any interest accruing to the tenants' security deposits, the Company applies a market related effective interest rate to account for the finance income and expense element, if evaluated as significant.

"Deferred income" relates to capital expenditure incurred by the Company on behalf of certain tenants, in transforming/enhancing the space occupied in the Mall of Cyprus with individualised features and improvements, and which have resulted in enhancements in the fair value of the investment property. For the Company to recognise any deferred income, enhancements should be contractually provisioned to remain within the Company's ownership. Hence the tenant not occupying any claims for any contributions made. Amounts recognised in profit or loss under "Revenue", are based on the duration of each individual corresponding license/lease contract (Note 8). 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.

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21. 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. Guarantees are limited to the outstanding book amount of the loan balances of The Mall of Cyprus (MC) plc of €87.778.464 (2021: €88.188.134).

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.

22. Refundable taxes

	30 June 2022	31 December 2021
	€	€
Corporation tax	(2.089)	(2.089)
	<u>(2.089)</u>	<u>(2.089)</u>

23. 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 30 June 2022 are (i) Brightbridge Real Estate Limited (Cyprus) through its indirect 36,38% shareholding in Atterbury Cyprus Limited (the parent company), (ii) RMB Holdings Limited (South Africa) through its indirect 36,38% shareholding in Atterbury Cyprus Limited and (iii) Business Venture Investments No 1360 (Pty) Ltd (South Africa) through its indirect 24,25% shareholding in Atterbury Cyprus Limited.

The following transactions were carried out with related parties (refer also to note 14 and 19 for further information on borrowings with related parties):

23.1 Directors' remuneration

The remuneration of Directors was as follows:

	Six months ended 30 June 2022	Six months ended 30 June 2021
	€	€
Directors' fees	1.250	1.250
	<u>1.250</u>	<u>1.250</u>

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23. Main shareholders and related party transactions (continued)

23.2 Provision of services

<u>Name and relationship</u>	<u>Nature of transactions</u>	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
Atterbury Cyprus Limited - direct shareholder (Note 14)	Financing and interest	80,316	77,818
		<u>80,316</u>	<u>77,818</u>

23.3 Purchases of services

<u>Name and relationship</u>	<u>Nature of transactions</u>	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €
Atterbury Cyprus Limited - direct shareholder	Corporate service charges	-	36,600
Other related parties	Management fee charges	80,651	284,880
		<u>80,651</u>	<u>321,480</u>

23.4 Loans to related parties (Note 14)

<u>Name and relationship</u>	30 June 2022 €	31 December 2021 €
Atterbury Cyprus Limited - direct shareholder	3,873,981	3,793,665
	<u>3,873,981</u>	<u>3,793,665</u>

The above is unsecured, carries interest of 4,20% and is repayable on demand.

23.5 Payables to related parties (Note 21)

<u>Name</u>	30 June 2022 €	31 December 2021 €
Brightbridge Real Estate Limited	21,524	35,700
The Mall of Cyprus (MC) Plc	29,628	231,025
	<u>51,152</u>	<u>266,725</u>

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

23.6 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

24. 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.

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For the period from 1 January 2022 to 30 June 2022

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.

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

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

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

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

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

26. 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.