

Shoreline Mall p.l.c

Condensed Interim Financial Statements (unaudited)

For the period 1 May 2022 to 31 October 2022

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Interim Directors' Report

This report is being published in terms of Listing Rule 5.74 issued by the Listing Authority and has been prepared in accordance with the applicable Listing Rules and International Accounting Standard 34, 'Interim Financial Reporting'. In terms of Listing Rule 5.75.5, the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group's independent auditors.

The Directors who served during the period and up till the date of this report are as follows:

Benjamin Muscat
Ryan Otto
Kevin Deguara
Jean Carl Farrugia
Roderick Psaila
Robert Ancilleri
Charles Scerri

1. Business Overview/Directors Report

Shoreline Mall p.l.c ("the Company") is a public limited liability Company incorporated in Malta on 15 December 2017 with registration number C 84005.

The principal activity of the Company is the acquisition, disposal, development and operation of the various immovable properties within the Shoreline Mall Complex to be situated at the Shoreline Mall Site at Smart City, Kalkara, Malta. The Company's main business will consist of:

- a. The sale of immovable property within the Shoreline Mall site,

mainly consisting of residential units and the residential carpark; and

- b. The generation of rental income from the commercial operation within the Shoreline Mall units and carpark.

2. Financial Performance

The Company has not yet started trading and as a result registered a loss for the six-month period ended 31 October 2022 of €241,327 (31 October 2021: €190,672) The Company is expected to begin trading by 2023 when its investment property and assets for sale under construction would have been brought into use.

Until such time, the Company will concentrate on completing the construction of such assets utilising funds it will receive through advances received from market raised funding, promise of sale agreements it will enter into and the financial support of its parent and fellow subsidiary companies.

3. Financial Position

The company has not started trading yet as the project is still in the construction phase. The liquid funds it has accumulated to date are aimed to be used in the development of the project.

Current assets decreased to €12.69 million (30 April 2022: €23.98 million). This is mainly attributable to the progress being made to investment property under construction as can be seen by a corresponding increase in non-current assets to €44.54 million (30 April 2022: €34.36 million).

The Company's total assets as at 31 October 2022 remained consistent at €57.22 million when being compared to the amount of €58.34 million at 30 April 2022. Similarly, the Company's Net assets remained in line at €17.13 million (30 April 2022: €17.37 million).

4. Outlook

Even with the impact of Covid-19, Global shipping shortages and economic complication as a result of the war in Ukraine, the project is still currently progressing according to expectations with an expected completion in the second half of 2023. Notwithstanding this, the directors believe that the projected development timeframe should not be materially affected due to:

- The main construction contract has been signed and construction already commenced in early financial year 2022;
- The main construction contract is based on a fixed price, design and build and therefore the potential for cost overruns is low. The contractor is further bound by strict performance obligations backed by a performance bond in favour of the group;
- Lease negotiations with prospective tenants have already commenced.

5. Dividends

No interim dividend is being recommended as the Company did not have any distributable reserves at the end of the reporting period.

6. Going Concern

The losses incurred by the Company and the short-term cash flow requirements have been financed by the immediate parent company and related parties, and such balances due are expected to continue to form part of the company's financing structure. In financial year April 2021 the Company also raised funds through the issue of bonds on the Maltese Stock Exchange which are being used on the project.

For this reason, the directors have adopted the going concern basis in preparing these condensed interim financial statements.

7. Statement Pursuant to Capital Markets Rule 5.75.3 issued by the Listing Authority

We hereby confirm that to the best of our knowledge:

- The condensed interim financial information gives a true and fair view of the financial position of the Company as at 31 October 2022, and of its financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim Financial reporting (IAS34); and
- The Interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

The Directors' report was approved by the Board of Directors on 16 December 2022 and signed on its behalf by:



Benjamin Muscat

Director



Ryan Otto

Director

Registered Office

Suite 407, Level 4, Block SCM 01,
Smart City Malta, Ricasoli,
Kalkara, SCM 1001, Malta

Condensed Income Statement

	COMPANY	
	Six months ended 31 October 2022 (Unaudited) €	Six months ended 31 October 2021 (Unaudited) €
Continuing Operations:		
Administrative expenses	(241,327)	(190,672)
Profit/(Loss) for the period/year	(241,327)	(190,672)

Condensed Statement of Financial Position

	NOTES	COMPANY	
		31 October 2022 (Unaudited)	30 April 2022 (Audited)
		€	€
ASSETS			
Non-Current Assets	2	44,537,707	34,359,016
Current Assets	3	12,686,730	23,983,030
Total assets		57,224,437	58,342,046
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the company		17,131,175	17,372,502
Non-Current Liabilities	4	39,612,644	39,577,381
Current Liabilities	5	480,618	1,392,163
Total Liabilities		40,093,262	40,969,544
Total equity and liabilities		57,224,437	58,342,046

The notes on pages 10 to 13 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 6 to 13 were authorised for issue by the Board on 16 December 2022 and were signed on its behalf by:



Benjamin Muscat
Director



Ryan Otto
Director

Condensed Statement of Changes in Equity

	Share Capital	Accumulated losses	Total
	€	€	€
Period ended 31 October 2022			
Balance at 30 April 2022 (Audited)	18,075,998	(703,496)	17,372,502
Comprehensive Income/(Loss) for the period			
Loss for the period ended 31 October 2022		(241,327)	(241,327)
Balance at 31 October 2022 (Unaudited)	18,075,998	(944,823)	17,131,175
Period ended 31 October 2021			
Balance at 30 April 2021 (Audited)	18,075,998	(311,408)	17,764,590
Comprehensive Income/(Loss) for the period			
Loss for the period ended 31 October 2021		(190,672)	(190,672)
Balance at 31 October 2021 (Unaudited)	18,075,998	(502,080)	17,573,918

Condensed Statement of Cash Flows

	COMPANY	
	Six months ended 31 October 2022 (Unaudited) €	Six months ended 31 October 2021 (Unaudited) €
Net cash generated from operating activities	(3,421,846)	(1,881,187)
Net cash used in investing activities	2,025,522	(7,560,796)
Net cash (used in)/generated from financing activities	895,543	860,788
Net movement in cash and cash equivalents	(500,781)	(8,581,195)
Cash and cash equivalents at beginning of the period/year	1,770,862	20,080,216
Cash and cash equivalents at end of period/year	1,270,081	11,499,021

Notes to the Condensed Interim Financial Statements

1. Statement of compliance

These condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and in terms of Listing Rule 5.74 issued by the Listing Authority.

The financial information has been extracted from the Company's unaudited interim financial results for the period ended 31 October 2022.

The accounting policies adopted in the preparation of these condensed financial statements are the same as those adopted in the preparation of the audited financial statements for the year ended 30 April 2022.

2. Non-Current Assets

			COMPANY	
			31 October 2022 (Unaudited)	30 April 2022 (Audited)
			€	€
Investment	property	under	44,537,707	34,359,016
construction				
Total non-current assets			44,537,707	34,359,016

Investment property under construction consists of land costs, planning and studies, architectural, excavation, project management and construction costs relating to the construction of a mall on a portion of land which was sub-leased from Shoreline Residence Limited. Shoreline Residence Limited acquired the land under a title of sub-emphyteusis from SmartCity (Malta) Limited. Shoreline Contracting Limited (another fellow subsidiary) is managing all the construction arrangements relating to the construction of The Mall. The Shoreline Mall project is expected to be completed by 2023.

The portion of the right-of-use asset of the leasehold land allocated to the investment property has been arrived at based on a sale and assignment deed that took place between Shoreline Residence Limited and a third party, following which, a sale and assignment deed was made between Shoreline Residence Limited and the Company. This latter assignment was based on a valuation from a professionally qualified valuer on the basis of market value that reflects recent transactions for similar properties as adjusted to reflect inputs specific to the property.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

Non-Current Assets (continued)

The fair value of the investment property was originally arrived at on the basis of a valuation carried out by an independent professionally qualified valuer. The valuation was prepared on the basis of a comparative valuation methodology with similar properties adjusted to reflect current inputs and conditions that are specific to the property in its current state, including the value of the development costs. In the prior year, the Company had assessed both the economic and financial conditions as well as the construction environment in which it operates against the conditions and inputs that existed, at the time of the original assessment, in determining the fair value. Consistent with this approach, the company concluded that the fair value of the investment property as at 31 October 2022 amounted to EUR49,719,908 after taking into consideration the additional development costs incurred during the period.

In estimating the fair value of the investment property, the highest and best use is its current use.

3. Current Assets

	COMPANY	
	31 October 2022 (Unaudited)	30 April 2022 (Audited)
	€	€
Inventories under construction	10,519,295	9,122,085
Other receivables	133,586	122,101
Amounts due from group company	763,768	12,967,982
Cash and Cash Equivalents	1,270,081	1,770,862
Total current assets	12,686,730	23,983,030

Inventories under construction includes cost of development of residential units and residential parking spaces for sale in the ordinary course of business on a portion of land which was sub-leased from Shoreline Residence Limited. Shoreline Residence Limited acquired the land under a title of sub-emphyteusis from SmartCity (Malta) Limited. Shoreline Contracting Limited (another fellow subsidiary) is managing all the construction arrangements relating to the construction of The Mall.

All inventories are expected to be recovered after more than twelve months. This is considered to be the normal operating cycle of the company. The residential parking spaces have been committed to Shoreline Residence Limited. In this regard, the latter party has entered into promise of sale agreements with third parties.

Other receivables comprise amounts relating to prepayments, deposits and VAT receivables.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

Current Assets (continued)

Amounts due from group company comprise amounts paid in advance to Shoreline Contracting Ltd, a group company, to be used for the construction of the project.

The amounts due from related parties are interest-free, payable on demand, denominated in EUR and have no fixed date for repayment.

Shoreline Contracting Ltd holds both a performance and an advance payment guarantee from a third party sub-contractor for the respective project.

4. Non-Current Liabilities

	COMPANY	
	31 October 2022 (Unaudited)	30 April 2022 (Audited)
	€	€
Debt securities in issue	39,465,382	39,429,903
Lease liabilities	147,262	147,478
Total non-current liabilities	39,612,644	39,577,381

The company was approved by the Listing Authority in Malta, on 18 June 2020, for the issuance of EUR14,000,000 4% Secured Bonds 2026 (series A Bonds) and EUR26,000,000 4.5% Secured Bonds 2032 (series B Bonds). Both series bonds were issued at a nominal value of EUR100 at par. The bond subscriptions closed in July 2020 with the bonds being fully subscribed with interest payable annually on 1 August. The balance of the proceeds will be utilised for the development of the project. The unutilised proceeds as at the end of the reporting period are held with a security trustee.

A Special Hypothec on the value of the property as classified under investment property under construction and inventory under construction was registered in favour of the Security Trustee for the benefit of the Bondholders in accordance with its obligations under Section 4.6.1 of the Securities Note. The Special Hypotec secures the principal amount of the bond still outstanding and accrued interest.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

5. Current Liabilities

	COMPANY	
	31 October 2022 (Unaudited)	30 April 2022 (Audited)
	€	€
Other payables	480,189	1,391,732
Lease liabilities	429	431
Total current liabilities	480,618	1,392,163

Other payables include an amount of €433,855 representing Interest payable on Bonds issued, as mentioned in note 4.

6. Segmental Information

The Shoreline Mall is located in Malta and accordingly revenues from the above activities will be attributed to Malta. The company's principal activities is to develop and manage the Shoreline Mall and to develop luxury residential terraced houses for resale. On completion of the Shoreline project, the company's main business will consist of:

- a. The sale of immovable property within the Shoreline Mall site, mainly consisting of residential units and the residential carpark; and
- b. The generation of rental income from the commercial operations within the Shoreline Mall units and carpark

The completion of the above properties are classified with inventories and investment properties respectively. Since the project is managed centrally the above activities are considered to be one operating segment.