

Shoreline Mall p.l.c

Condensed Interim Financial Statements (unaudited)

For the period 1 May 2021 to 31 October 2021

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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, Kaikara, Malta. The Company's main business will consist of:

- a. The sale of immovable property within the Shoreline Mall site, mainly consisting of 7 luxury

residential units and the residential carpark; and

- b. The development of the Shoreline Mall and the generation of rental income from the operation of the commercial 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 2021 of €190,672 (accumulated loss of €311,408 at year end 30 April 2021). The Company is expected to begin trading by end of financial year 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.

During the prior financial year, the application to the Listing Authority in Malta for the issuance of €14,000,000 4% Secured Bonds 2026 (series A Bonds) and €26,000,000 4.5% secured bonds 2032 (series B Bonds) was authorised as admissible to Listing, pursuant to the Listing Rules, by virtue of a letter dated 18 June 2020.

Both series bonds were issued at a nominal value of €100 at par and closed in July 2020 with the bonds being fully subscribed. Such proceeds will be utilised for the development of the project.

Current assets decreased to €34,225,705 (30 April 2021 €43,039,960). 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 €23,378,595 (30 April 2021 €15,817,799).

The Company's total assets as at 31 October 2021 amounted to €57,604,300 (30 April 2021 €58,857,759).

4. Outlook

World Health Organisation (WHO) declared the Coronavirus/COVID-19 outbreak to be a global pandemic. Around the world, many governments including that of Malta, introduced unprecedented measures in efforts to contain and control the spread of the outbreak as well as implemented stimulus measures, business support initiatives and employment protection programmes to support business, jobs and the economy in general.

Even with the impact of Covid-19 the project is still currently progressing according to expectations with an expected completion by financial year end 2023. In light of recent measures implemented by local authorities, potential delays may arise if mandatory lockdowns are imposed on construction sites. Notwithstanding this, the directors believe that the projected development timeframe should not be materially affected due to:

- The main construction contract has been awarded and signed. Site establishment, piling, foundation and construction have commenced.
- 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 Company.

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

In March 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic. This pandemic brought about unprecedented economic difficulties and uncertainties around the globe. The company's income generating assets are still under construction and therefore its operating income is not currently impacted by Covid-19.

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. The Company has raised funds through the issue of bonds on the Maltese stock exchange as already mentioned under "Financial position".

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

The Directors' report was approved by the Board of Directors on 9 December 2021 and signed on its behalf by:



Ben Muscat

Chairman

Registered Office

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



Ryan Otto

Director

Condensed Income Statement

	COMPANY	
	Six months ended 31 October 2021 (Unaudited) €	Six months ended 31 October 2020 (Unaudited) €
Continuing Operations:		
Administrative expenses	(190,672)	(58,000)
Profit/(Loss) for the period/year	(190,672)	(58,000)

Condensed Statement of Financial Position

	NOTES	COMPANY	
		31 October 2021 (Unaudited) €	30 April 2021 (Audited) €
ASSETS			
Non-Current Assets	2	23,378,595	15,817,799
Current Assets	3	34,225,705	43,039,960
Total assets		57,604,300	58,857,759
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the company		17,573,918	17,764,590
Non-Current Liabilities	4	39,541,892	39,509,928
Current Liabilities	5	488,490	1,583,241
Total Liabilities		40,030,382	41,093,169
Total equity and liabilities		57,604,300	58,857,759

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 9 December 2021 and were signed on its behalf by:



Ben Muscat
Chairman



Ryan Otta
Director

Condensed Statement of Changes in Equity

	Share Capital	Shareholder's contribution	Accumulated losses	Total
	€	€	€	€
Balance at 30 April 2019 (Audited)	1,200	1,246,312	(7,402)	1,240,110
Comprehensive Income/(Loss) for the period				
Loss for the period ended 31 October 2019			(3,407)	(3,407)
Transactions with owners of the Company				
Issue of share capital	14,328,486			14,328,486
Amount being capitalised	1,246,312	(1,246,312)		-
Balance at 31 October 2019 (Unaudited)	15,575,998	-	(10,809)	15,565,189
Comprehensive Income/(Loss) for the period				
Loss for the period ended 30 April 2020			(20,504)	(20,504)
Transactions with owners of the Company				
Issue of share capital	2,500,000			2,500,000
Balance at 30 April 2020 (Audited)	18,075,998	-	(31,313)	18,044,685
Comprehensive Income/(Loss) for the period				
Loss for the period ended 31 October 2020			(58,000)	(58,000)
Balance at 31 October 2020 (Unaudited)	18,075,998	-	(89,313)	(17,986,685)
Comprehensive Income/(Loss) for the period				
Loss for the period ended 30 April 2021			(222,095)	(222,095)
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 2021 (Unaudited) €	Six months ended 31 October 2020 (Unaudited) €
Net cash generated from operating activities	(1,881,187)	(5,352,990)
Net cash used in investing activities	(7,560,796)	(949,296)
Net cash (used in)/generated from financing activities	860,788	37,291,116
Net movement in cash and cash equivalents	(8,581,195)	30,988,830
Cash and cash equivalents at beginning of the period/year	20,080,216	1,132,460
Cash and cash equivalents at end of period/year	11,499,021	32,121,290

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 statements for the period ended 31 October 2021.

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 2021.

2. Non-Current Assets

			COMPANY	
			31 October 2021 (Unaudited)	30 April 2021 (Audited)
			€	€
Investment	property	under	23,378,595	15,817,799
construction				
Total non-current assets			23,378,595	15,817,799

Investment property under construction consists of land costs, planning and studies, architectural, excavation and project management cost 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 has not changed since 30 April 2021 which was arrived at on the basis of a recent 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. There has been no change to the valuation technique 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 2021 (Unaudited)	30 April 2021 (Audited)
	€	€
Inventories under construction	7,949,361	7,215,925
Other receivables	173,370	182,313
Amounts due from group company	14,603,953	15,561,506
Cash and Cash Equivalents	11,499,021	20,080,216
Total current assets	34,225,705	43,039,960

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.

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.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

Current Assets (continued)

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 2021 (Unaudited)	30 April 2021 (Audited)
	€	€
Debt securities in issue	39,394,199	39,362,019
Lease liabilities	147,693	147,909
Total non-current liabilities	39,541,892	39,509,928

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 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.

5. Current Liabilities

	COMPANY	
	31 October 2021 (Unaudited)	30 April 2021 (Audited)
	€	€
Other payables	488,068	1,454,089
Amounts due to group companies	-	128,738
Lease liabilities	422	414
Total current liabilities	488,490	1,583,241

Other payables include an amount of €434,084 representing Interest payable on Bonds issued, as mentioned in note 4.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

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 activity is to develop and manage the Shoreline Mall and to develop 7 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 7 luxury residential units and the residential carpark; and
- b. The development of the Shoreline Mall and the generation of rental income from the operation of the commercial units and carpark.

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

Directors' Confirmations

We confirm to the best of my knowledge that:

- the Condensed Interim Financial information gives a true and fair view of the Financial Position of the company as at 31 October 2021, and of its financial performance and its cash flows for the six month period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (International Accounting Standards 34, 'Interim Financial Reporting');
- the Interim Directors' Report includes a fair review of the information required in terms of Listing Rule 5.74 issued by the Listing Authority and has been prepared in accordance with the applicable Listing Rules.



Ben Muscat
Chairman



Ryan Otto
Director