

Shoreline Mall p.l.c

Condensed Interim Financial Statements (unaudited)

For the period 1 July 2023 to 31 December 2023

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Interim Directors' Report pursuant to Capital Market Rule 5.75.2

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' ("IAS 34"). The condensed interim financial information included in this report has been extracted from Shoreline Mall p.l.c.'s ("the Mall" or "the Company") unaudited financial information for the six months ended 31 December 2023 prepared in accordance with IAS 34. 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

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 development and operation of immovable property within the Shoreline Mall Complex 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, consisting of residential terraced houses and residential carpark spaces; and
- b. The generation of rental income from the commercial operation within the Shoreline Mall units and carpark.

2. Financial Performance

The Company registered a profit before tax for the six-month period ended 31 December 2023 of €3,104,901 (loss before tax of € 241,327 for the six-month period ended 31 October 2022). This is attributable to the sale of its residential carpark spaces during the period. The Company is expected to bring its investment property and remaining assets for sale into use before financial year end 2024.

The Company has completed the construction of the shopping mall and carpark, while final finishing works are ongoing. The company has already entered into multiple lease agreements with tenants. The cash that the company has and will accumulate together with funds available from group level are aimed to be used in completing the development of the project.

3. Financial Position

Current assets decreased to €8,269,137 (30 June 2023: €15,213,588). This is attributable to the sale of its residential carpark spaces, to Shoreline Residence Ltd, during the period. Progress made to the amount of investment property under construction is represented by a corresponding increase in non-current assets to €65,007,757 (30 June 2023: €58,589,770).

The Company's total assets as at 31 December 2023 therefore remained consistent at €73,276,712 when compared to the amount of €73,803,358 at 30 June 2023.

The Company's Net assets improved to €20,075,991 (30 June 2023: €16,971,090).

4. Outlook

The Company is in the final stages of finishing works related to the retail portion of the project. The Company has attracted a number of leading retailers as tenants to the property, resulting in a very attractive retail and entertainment offering.

Tenant fitout works are nearing completion and will be ready for a planned opening in the coming months to coincide with the start of the next fashion season.

The residential component of the project is already constructed, and the finishing works are expected to be completed by financial year end 2024.

5. Dividends

No interim dividend is being recommended as any distributable reserves at the end of the reporting period will be utilised to complete the project.

6. Going Concern

The Company's 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.

For this reason and the fact that the retail operation of the Company is planned to be brought into use imminently, the directors have adopted the going concern basis in preparing these condensed financial interim statements.

7. Related Party Transactions

The Company enters into related party transactions with its immediate parent company and other sister companies. Related party transactions are reviewed and approved by the Audit Committee on a regular basis. All related party transactions pertaining to the six-month period ended 31 December 2023 have been disclosed in Note 7 to the condensed interim financial statements.

The Directors' report was approved by the Board of Directors on 26 February 2024 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

	NOTES	COMPANY	
		Six months ended 31 December 2023 (Unaudited) €	Six months ended 31 October 2022 (Unaudited) €
Continuing Operations:			
Net proceeds from residential carpark sales		3,300,682	-
Other income		4,000	-
Administrative expenses		(199,781)	(241,327)
Profit/(Loss) before tax for the period		3,104,901	(241,327)
Income tax	2	-	-
Profit/(Loss) after tax for the period		3,104,901	(241,327)

Condensed Statement of Financial Position

	NOTES	COMPANY	
		31 December 2023 (Unaudited)	30 June 2023 (Audited)
		€	€
ASSETS			
Non-Current Assets	3	65,007,575	58,589,770
Current Assets	4	8,269,137	15,213,588
Total assets		73,276,712	73,803,358
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the company		20,075,991	16,971,090
Non-Current Liabilities	5	40,086,370	39,981,020
Current Liabilities	6	13,114,351	16,851,248
Total Liabilities		53,200,721	56,832,268
Total equity and liabilities		73,276,712	73,803,358

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 26 February 2024 and were signed on its behalf by:



Benjamin Muscat
Director



Ryan Otto
Director

Condensed Statement of Changes in Equity

	Share Capital	Retained earnings	Total
	€	€	€
Balance at 1 May 2021	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	18,075,998	(502,080)	17,573,918
Comprehensive Income/(Loss) for the period			
Loss for the period ended 30 April 2022	-	(201,416)	(201,416)
Balance at 30 April 2022	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	18,075,998	(944,823)	17,131,175
Comprehensive Income/(Loss) for the period			
Loss for the period ended 30 June 2023	-	(160,085)	(160,085)
Balance at 30 June 2023	18,075,998	(1,104,908)	16,971,090
Comprehensive Income/(Loss) for the period			
Profit for the period ended 31 December 2023	-	3,104,901	3,104,901
Balance at 31 December 2023	18,075,998	1,999,993	20,075,991

Condensed Statement of Cash Flows

	COMPANY	
	Six months ended 31 December 2023 (Unaudited) €	Six months ended 31 October 2022 (Unaudited) €
Net cash generated from operating activities	3,106,640	(3,421,846)
Net cash used in investing activities	(6,417,805)	2,025,522
Net cash (used in)/generated from financing activities	897,587	895,543
Net movement in cash and cash equivalents	(2,413,578)	(500,781)
Cash and cash equivalents at beginning of the period/year	2,498,703	1,770,862
Cash and cash equivalents at end of period/year	85,125	1,270,081

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 December 2023.

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 June 2023.

2. Income tax

No income tax is chargeable on the profit registered in virtue of an exemption arising as a result of the fact that income was solely generated from the sale of the residential car park spaces to a Group company, Shoreline Residence Limited.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

3. Non-Current Assets

	COMPANY	
	31 December 2023 (Unaudited)	30 June 2023 (Audited)
	€	€
Investment property under construction and tenant fit out costs	65,007,575	58,589,770
Total non-current assets	65,007,575	58,589,770

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 within financial year 2024.

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)

Management has assessed the fair value of the investment property after taking into consideration the stage of completion of the property and discounted cashflows for the projected rental income less operating expenses necessary to manage the Mall. Based on this assessment, management determined the fair value of the investment property as at 31 December 2023 to be approximately EUR 65.1 million 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.

The fair value measurement is classified as a Level 3 measurement within the fair value hierarchy.

4. Current Assets

	COMPANY	
	31 December 2023 (Unaudited)	30 June 2023 (Audited)
	€	€
Inventories under construction	6,522,243	11,319,889
Trade and other receivables	646,505	1,379,732
Amounts due from group companies	1,015,264	15,264
Cash and Cash Equivalents	85,125	2,498,703
Total current assets	8,269,137	15,213,588

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.

Inventories are expected to be recovered after more than twelve months. This is considered to be the normal operating cycle of the company. During the current period these residential parking spaces have been transferred to Shoreline Residence Limited, a group company.

Trade and other receivables comprise amounts relating to trade receivables, prepayments, deposits paid and VAT receivables.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

Current Assets (continued)

Amounts due from group companies comprise mainly of an amount owed by Shoreline Residence Ltd for residential parking spaces that was transferred to them during the current period.

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

5. Non-Current Liabilities

	COMPANY	
	31 December 2023 (Unaudited)	30 June 2023 (Audited)
	€	€
Debt securities in issue	39,547,424	39,511,857
Lease liabilities	147,796	148,013
Other payables	391,150	321,150
Total non-current liabilities	40,086,370	39,981,020

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 were utilised for the development of the project.

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)

6. Current Liabilities

	COMPANY	
	31 December 2023 (Unaudited)	30 June 2023 (Audited)
	€	€
Trade and other payables	953,305	10,755,222
Lease liabilities	435	435
Amounts due to group companies	12,160,611	6,095,591
Total current liabilities	13,114,351	16,851,248

Trade and other payables include an amount of €720,833 representing Interest payable on Bonds issued, as mentioned in note 4.

Amounts due to group companies, mainly relate to Shoreline Contracting Ltd, who entered into agreements directly with contractors for the development and construction of the Shoreline Mall project.

The amounts due to group companies are unsecured, interest-free and denominated in Euro and the company has no unconditional right to defer settlement for at least 12 months from the end of the reporting period. The consideration to be provided in settlement may include offsets with amounts due to / from the same party.

7. 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
- 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.

Notes to the Condensed Interim Consolidated Financial Statements (continued)

8. Related party transactions

The parent of the Company is Shoreline Holdings Limited (C86187). The latter also fully owns Shoreline Residence Limited (C77212) and Shoreline Contracting Limited (C83994). All entities owned, controlled or significantly influenced by the Company's ultimate shareholders, together with the Company's directors, close members of their families and all entities owned, controlled or significantly influenced by the individuals, are the principal related parties of the Company.

The principal transactions carried out with related parties during the six-month period ended 31 December 2023 were as follows:

- Residential car park spaces to the value of €9,400,000 were sold and transferred to Shoreline Residence Limited.
- Employment costs of €104,000 was incurred and transferred to the Company by Shoreline Contracting Limited.
- Costs incurred and charged by fellow group entities in the connection with the development of the Shoreline Mall project amounted to approximately €4,343,663 during the period.

Balances with related parties outstanding as at end of the reporting period were as follows:

	COMPANY	
	31 December 2023 (Unaudited)	30 June 2023 (Audited)
	€	€
Amounts owed to related parties	12,160,611	6,095,591
Amounts owed by related parties	1,015,264	15,264

The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received.

Amounts due to and by related parties are interest-free, payable on demand and denominated in Euro.

Directors' Confirmations

We confirm to the best of our knowledge that:

- the condensed interim financial information gives a true and fair view of the Financial Position of the Company as at 31 December 2023, 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 Rules 5.81 to 5.84 issued by the Listing Authority and has been prepared in accordance with the applicable Listing Rules.



Benjamin Muscat
Director



Ryan Otto
Director