Shoreline Mall p.l.c

Report and financial statements

30 April 2020

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Shoreline Mall p.l.c

Director, officer and other information

Directors:	Benjamin Muscat Ryan Edward Otto Kevin Deguara Jean Carl Farrugia Roderick Psaila Charles Scerri Robert Ancilleri
Secretary:	Jean Carl Farrugia
Registered office:	Suite 407, Level 4, Block SCM 01, Smart City Malta, Ricasoli, Kalkara, SCM 1001, Malta
Country of incorporation:	Malta
Company registration number:	C 84005
Auditor:	Deloitte Audit Limited Deloitte Place Triq L-Intornjatur, Zone 3 Central Business District Birkirkara, CBD 3050 Malta
Bankers:	Bank of Valletta p.l.c. The Strand Triq Ix-Xatt, Gzira, GZR 1022 – Malta

The directors present their report and the audited financial statements for the year ended 30 April 2020.

Overview and principal activities

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 registered address of the Company is Suite 407, Level 4, Block SCM 01, Smart City Malta, Ricasoli, Kalkara, Malta.

The principal activity of the Company is the acquisition, disposal, development and operation of the various immovable properties within and constituting the Shoreline Mall Complex to be situated at the Shoreline Mall Site at Smart City, Kalkara, Malta. The Company was, in fact specifically set up in view and for the purposes of, and will principally operate by reference to, the Shoreline Mall Complex and its activities will accordingly be focused thereon. As such, the Company's main business will consist of:

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

Review of the business trading performance

The Company has not yet started trading and as a result registered a loss for the year of *€23,911* (period end 30 April 2019 loss of *€7,402*). 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 promise of sale agreement it will enter into, market raised funding and the financial support of its parent and fellow subsidiary companies.

Financial position

The Company's total assets as at 30 April 2020 grew to *€20,295,625* compared to the previous year amount *€2,023,606*. This is mainly attributable to the right-of-use asset acquired through the signing of a Deed of Sub-Emphyteusis with Shoreline Residence Ltd for a premium of *€13,000,000* in October 2019.

The company liquidity has improved. Cash and cash equivalents as at 30 April 2020 amounted to €1.1 million as a result of an additional capital injection made during the year. Following year end, further funds have been received from the proceeds of a bond issue as further described below under "Events subsequent to the financial reporting date".

The company has not started trading yet and 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.

Financial risk management

The Company is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk, as disclosed in note 23 to the financial statements.

Events subsequent to the financial reporting date

During the financial year under review, the Company applied 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). Both series bonds were issued at a nominal value of €100 at par. The Listing Authority has authorised the bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 18 June 2020.

The bond subscriptions closed in July 2020 with the bonds being fully subscribed. Such proceeds will be utilised for the development of the project.

Outlook for 2020

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 this regard, although currently the duration of the outbreak remains uncertain, management still believes that the current uncertain socio-economic situation is unlikely to persist far beyond early 2021. 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:

1. The site has been completely excavated and ready for the start of construction works.
2. The main construction contract should be signed in the near future with works commencing shortly thereafter.
3. The main construction contract is based on a fixed price, design and build and therefore the potential for cost overruns is low. The contractor will further be bound by strict performance obligations backed by a performance bond in favour of the Company.

Dividends

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

Corporate Governance

Even though at year end the company is not required to present a Corporate Governance Statement of Compliance, the directors are committed and fully support the adoption of the relevant corporate governance standards, in this case the Code of Principles of Good Corporate Governance ("the Code"), which entails amongst others, principles such as the appointment of independent directors to the Board, the formation of an audit committee as well as the continued adoption of internal controls to manage, review and safeguard the company assets and operations.

Going concern

The company has not yet started trading and as a result registered a loss for the year of €23,911 (period end 30 April 2019 loss of €7,402). 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 will raise funds through the issue of bonds on the Maltese stock exchange as already mentioned under "Events subsequent to the financial reporting date".

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

The directors who served during the period and up till the date of this report are as follows:
Benjamin Muscat (Chairman)
Ryan Edward Otto (Executive Director)
Kevin Deguara (Executive Director)
Jean Carl Farrugia (Executive Director)
Roderick Psaila (Executive Director)
Charles Scerri (Non-executive Director) appointed on 19 July 2019
Robert Ancilleri (Non-executive Director) appointed on 19 July 2019

In accordance with the Company's articles of association all the directors are to remain in office.

Auditors

Deloitte Audit Limited have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

Approved by the Board on 27 August 2020 and signed on its behalf by:

Benjamin Muscat Director	Charles Scerri Director

Statement of director's responsibilities

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements in accordance with generally accepted accounting principles and practice which give a true and fair view of the state of affairs of the company at the end of each financial period and of the profit or loss of the company for the year then ended.

In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Maltese Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Statement of profit or loss and other comprehensive income
Year ended 30 April 2020

	Notes	2020 (52 weeks) EUR	2019 (71 weeks) EUR
Other income	5	**10,065**	-
Administrative expenses		**(33,976)**	(7,402)
Loss and total comprehensive loss for the year / period	6	**(23,911)**	(7,402)

Shoreline Mall p.l.c

Statement of financial position

30 April 2020

	Notes	2020 EUR	2019 EUR
ASSETS AND LIABILITIES			
Non-current assets			
Investment property under construction	8	11,385,805	1,964,917
Other asset	9	61,750	-
		11,447,555	1,964,917
Current assets			
Inventory under construction	11	7,545,078	-
Other receivables	10	88,032	58,541
Amounts due from related parties	12	82,500	-
Cash and cash equivalents	20	1,132,460	148
		8,848,070	58,689
Total assets		20,295,625	2,023,606
LIABILITIES			
Current liabilities			
Other payables	13	35,406	7,000
Amounts due to related parties	14	2,066,812	776,496
Lease liabilities	15	399	-
		2,102,617	783,496
Non-current liabilities			
Lease liabilities	15	148,323	-
Total liabilities		2,250,940	783,496
Net assets		18,044,685	1,240,110
EQUITY			
Share Capital	16	18,075,998	1,200
Shareholders' contributions	18	-	1,246,312
Accumulated losses		(31,313)	(7,402)
Total equity		18,044,685	1,240,110

These financial statements were approved by the board of directors, authorised for issue on 27 August 2020 and signed on its behalf by:

Benjamin Muscat
Director

Charles Scerri
Director

Shoreline Mall p.l.c

Statement of changes in equity

Year ended 30 April 2020

	Share capital EUR	Shareholders' contributions EUR	Accumulated losses EUR	Total EUR
Issue of share capital	1,200	-	-	1,200
Proceeds from shareholders	-	1,246,312	-	1,246,312
Loss and total comprehensive loss for the period	-	-	(7,402)	(7,402)
Balance at 1 May 2019	1,200	1,246,312	(7,402)	1,240,110
Issue of share capital	**16,828,486**	-	-	**16,828,486**
Amount being capitalised	**1,246,312**	**(1,246,312)**	-	-
Loss and total comprehensive loss for the year	-	-	**(23,911)**	**(23,911)**
Balance at 30 April 2020	**18,075,998**	-	**(31,313)**	**18,044,685**

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Statement of cash flows

Year ended 30 April 2020

	2020 (52 weeks) EUR	2019 (71 weeks) EUR
Cash flows from operating activities		
Loss before tax	**(23,911)**	(7,402)
Operating loss before working capital changes	**(23,911)**	(7,402)
Working capital movements:		
Movement in inventory	**(1,494,433)**	-
Movement in other receivables	**29,491**	(58,541)
Movement in other payables	**(33,344)**	7,000
Interest paid on lease liabilities	**(3,094)**	-
Net cash flow from operating activities	**(1,525,291)**	(58,943)
Cash flows from investing activities		
Addition to investment property under construction	**(2,399,615)**	(1,964,917)
Payments made at or before lease commencement	**(2,679)**	-
Net cash flows from investing activities	**(2,402,294)**	(1,964,917)
Cash flows from financing activities		
Net proceeds from issue of share capital	**3,828,486**	1,200
Payment of bond transaction costs	**(61,750)**	-
Net financing from parent company and related parties	**1,293,161**	2,022,808
Net Cash inflows from financing activities	**5,059,897**	2,024,008
Net movement in cash and cash equivalents	**1,132,312**	148
Cash and cash equivalents at the beginning of period	**148**	-
Cash and cash equivalents at the end of year (note 20)	**1,132,460**	148

1. Company information and basis of preparation

Shoreline Mall p.l.c (formerly Shoreline Mall Limited) is a limited liability company incorporated in Malta with registration number C 84005. The registered address of the company is Suite 407, Level 4, Block SCM 01, Smart City Malta, Ricasoli, Kalkara, Malta.

The company's principal activity is to develop and manage the Shoreline Mall and to develop 7 residential terraced houses for resale, which both form part of the development being undertaken by the Shoreline Holdings group of companies in Smart City Malta (the Shoreline site).

The financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards as adopted by the EU. The significant accounting policies adopted are set out below.

The company has not yet started trading and as a result registered a loss for the year of *EUR23,911 (2019: loss for the year of EUR7,402)*. 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 to the immediate parent and related parties are expected to continue to form part of the company's financing structure. Subsequent to year end, the company raised funds through an issue of bonds on the Maltese Stock Exchange (see note 25).

2. Significant accounting policies

Investment property under construction

With effect from the current year, investment property also includes right-of-use assets in terms of IFRS 16. The accounting policy for right-of-use assets is included below in the Section entitled 'Leases'.

Properties in the course of construction for future use as investment property are classified as investment property. Existing investment property that is being redeveloped for continued future use as investment property continues to be classified as investment property.

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment property is initially measured at cost, including transaction costs. For qualifying assets, borrowing costs are capitalised in accordance with the company's accounting policy on borrowing costs. Subsequent to initial recognition, investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (continued)

Investment property under construction (continued)

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

Inventories - Properties held for development and resale

With effect from the current year, inventory also includes right-of-use assets in terms of IFRS 16. The accounting policy for right-of-use assets is included below in the Section entitled 'Leases'.

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and an appropriate proportion of production overheads based on the normal level of activity. For qualifying assets, borrowing costs are capitalised in accordance with the company's accounting policy on borrowing costs. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method.

With effect from the current year, right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. Significant accounting policies (continued)

Depreciation (continued)

For leasehold land right-of-use assets classified as inventory for which it is reasonably certain that the purchase option is going to be exercised, the useful life is the expected period of time from the commencement date of the lease to the disposal of the inventory. The right-of-use asset classified as inventory is depreciated to the leasehold land's residual value to the extent that the residual value is lower than the carrying amount of the right-of-use asset. No depreciation is charged on leasehold land right-of-use assets classified as investment property for which it is reasonably certain that the purchase option is going to be exercised.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Other receivables

Other receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss as applicable.

2. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of other borrowings is recognised in profit or loss over the term of the borrowings, unless the interest on such borrowings is capitalised in accordance with the company's accounting policy on borrowing costs.

(iii) Other payables

Other payables are classified with current liabilities and are stated at their nominal value, unless the effect of discounting is material, in which case other payables are measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Estimated credit losses (ECLs)

The Company recognises a loss allowance for ECLs on the following – financial assets measured at amortised cost. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition. For financial assets other than trade receivables and contract assets, the Company uses the general approach and recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ('12m ECL'). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. The Company recognises an impairment gain or loss in profit or loss. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

2. Significant accounting policies (continued)

Impairment of other assets

All assets are tested for impairment. At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

In the case of assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

2. Significant accounting policies (continued)

Borrowing costs (continued)

The interest expense on the lease liability is included in the cost of the relevant qualifying assets classified as either (i) investment property or (ii) inventories for which revenue is recognised at a point in time in accordance with the Company's accounting policy.

Currency Translation

The financial statements of the company are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was measured. *Non-monetary assets and liabilities* denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Leases

The company assesses whether the contract is, or contains, a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease term is determined as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, unless otherwise stated below.

For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, the Company applies the recognition exemption.

2. Significant accounting policies (continued)

Leases (continued)

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the pattern of the lessee's benefit.

Where a right-of-use asset and a corresponding lease liability is recognised, the lease liability is initially measured at the commencement date at the present value of the lease payments that are not paid at that date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets are initially measured at the commencement date at cost, being the amount of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The Company applies the accounting policy entitled 'Depreciation' and the accounting policy entitled 'Impairment of other assets' to determine and to measure the extent of any impairment losses on the right-of-use assets.

In the statement of financial position, right-of-use assets that do not meet the definition of investment property are included within Inventories (being the same line item as that within which the corresponding underlying assets would be presented if they were owned). In the statement of financial position, right-of-use assets that meet the definition of investment property are presented with investment property. In the statement of financial position, lease liabilities are included separately from other liabilities.

In the statement of profit or loss and other comprehensive income, interest expense on the lease liability is presented separately from the depreciation charge for the right-of-use asset. In the statement of cash flows, cash payments for the principal portion of the lease liability are presented within financing activities and cash payments for the interest portion of the lease liability are presented within operating activities. Short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of the lease liability are included within operating activities.

The interest expense on the lease liability is accounted for in accordance with the Company's accounting policy entitled 'Borrowing costs'.

2. Significant accounting policies (continued)

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the year. The taxable result for the year differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other years. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets *and liabilities within the next financial period.*

4. Initial Application of an International Financial Reporting Standard and International Financial Reporting Standards in Issue but not yet Effective

Initial Application of an International Financial Reporting Standard

In the current year, the company has applied the following:

IFRS 16 Leases

In the current year, the Company has applied IFRS 16 *Leases* (as issued by the IASB in January 2016). IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and by requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. IFRS 16 supersedes the following lease Standards and Interpretations upon its effective date: IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives*; and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required. Other than for subleases, the Company is not required to make any adjustments for leases in which it is a lessor and shall account for those leases applying IFRS 16 from the date of initial application. The Company has no leases in which it is the lessor.

4. Initial Application of an International Financial Reporting Standard and International Financial Reporting Standards in Issue but not yet Effective (continued)

Initial Application of an International Financial Reporting Standard

Impact on lessee accounting

The Company had no leases in which it was the lessee at the date of initial application of the Standard. Accordingly, the Company's initial application of IFRS 16 did not have a significant impact on the financial statements.

Amendments to IAS 23 (as part of the Annual Improvements to IFRS Standards 2015 – 2017 Cycle)

These Amendments were issued in December 2017 and are affective for annual periods beginning on or after 1 January 2019. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. This Amendment did not have a material effect on the Company's results and position.

International Financial Reporting Standards in Issue but not yet Effective

IAS 1 & IAS 8 Amendment – Definition of material

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. These amendments are effective for annual periods beginning on or after 1 January 2020.

IAS 1 Amendments – Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. These amendments are effective for annual periods beginning on or after 1 January 2022. On 15 July 2020, the effective date was delayed by one year to 1 January 2023.

4. Initial Application of an International Financial Reporting Standard and International Financial Reporting Standards in Issue but not yet Effective (continued)

IFRS 16 Amendment - Covid-19-Related Rent Concessions

The amendment makes the following changes to IFRS 16: (a) provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification; (b) requires lessees that apply the exemption to account for Covid-19-related rent concessions as if they were not lease modifications; (c) requires lessees that apply the exemption to disclose that fact; and (d) requires lessees to apply the exemption retrospectively in accordance with IAS 8, without restating prior period figures. A lessee shall apply this Amendment for annual reporting periods beginning on or after 1 June 2020.

The directors anticipate that the adoption of the above and other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements but not yet effective will have no material impact on the financial statements of the Company in the period of initial application.

5. Other income

	2020 (52 weeks) *EUR*	2019 (71 weeks) EUR
Intercompany recharges	**10,000**	-
Interest received	**65**	-
	10,065	-

6. Loss before tax

The analysis of the amounts that are payable to the auditors and that are required to be disclosed is as follows:

	2020 (52 weeks) *EUR*	2019 (71 weeks) EUR
Total remuneration payable to the company's auditors for the audit of the company's financial statements	**7,000**	7,000

7. Key management personnel compensation

Total key management personnel compensation:

	2020 (52 weeks) EUR	2019 (71 weeks) EUR
Short-term benefits	**16,000**	-

	2020 (52 weeks) EUR	2019 (71 weeks) EUR
Directors emoluments	**16,000**	-

The above excludes further emoluments recharged from Shoreline Contracting Limited amounting to *EUR82,500*. These are directly attributable to the project and have been capitalised during the year as per note 8 and 11.

Other services rendered by key management personnel, as paid and recorded in a group related company, as shown below based on an allocation deemed commensurate to the services received by the Company, are as follows:

	2020 (52 weeks) EUR	2019 (71 weeks) EUR
Directors emoluments	**23,689**	24,840

8. Investment property under construction

	Right-of-Use Assets (Land) EUR	Buildings EUR	Total EUR
Cost			
As at 15 December 2017	-	-	-
Additions during the period transferred from immediate parent and other related undertakings	-	1,964,917	1,964,917
As at 30 April 2019	-	1,964,917	1,964,917
Additions during the period	7,083,148	2,825,886	9,909,034
Transfer to inventory	-	(491,229)	(491,229)
Capitalised interest on lease liabilities	-	3,083	3,083
Balance at 30 April 2020	**7,083,148**	**4,302,657**	**11,385,805**

This 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 fair value of the investment property at 30 April 2020 approximates its carrying amount due to initial phase of construction.

8. Investment property under construction (continued)

The portion of the right-of-use asset of the leasehold land allocated to the investment property has been arrived at based on a recent sale and assignment deed that took place at the beginning of this financial year 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 the reflect inputs specific to the property. The directors are of the opinion that the fair value of the investment property has not altered significantly since the date of the above mentioned assignments and hence this is an appropriate estimate of the fair value at 30 April 2020. The fair value measurement is classified as a Level 3 measurement within the fair value hierarchy.

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

The carrying amount of the company's land within investment property includes *EUR 7,083,148* (2019 – EUR *Nil*) in respect of right-of-use assets, representing the company's temporary emphyteusis of the leasehold land over which the buildings that are also included within investment property are being constructed. The company, as lessee, has the option to effectively purchase the land by converting the emphyteusis from temporary to perpetual and simultaneously redeeming the perpetual emphyteusis. The company is reasonably certain of exercising this option at the earliest opportunity, being the completion of construction or 16 January 2025 (being the period of 5 years and nine months from the date of the Agreement between Shoreline Residence Limited and SmartCity (Malta) Limited), whichever occurs the latest. Since the company expects to have completed construction by not later than 16 January 2025, the lease term was determined to end on this date for the purposes of the requirements of IFRS 16 *Leases.* Upon exercise of such purchase option, the company will reclassify the carrying amount of right-of-use assets at that date to investment property that is directly owned by the company.

Borrowing costs amounting to *EUR3,083* and comprising interest on the lease liabilities were capitalised during the period into the cost of the buildings, based on the borrowing rate of 4%.

9. Other assets

	2020 EUR	2019 EUR
Transaction costs	**61,750**	-

During the year the company incurred transaction costs in relation to the upcoming bond listing which was obtained subsequent to year end, as disclosed in note 25.

10. Other receivables

	2020 EUR	2019 EUR
Vat refundable	**88,032**	57,341
Sundry debtors	-	1,200
	88,032	58,541

11. Inventory under construction

	Right-of-Use Assets (Land) EUR	Buildings EUR	Total EUR
Cost			
As at 15 December 2017 and as at 30 April 2019	-	-	-
Additions during the period	**6,071,270**	**982,568**	**7,053,838**
Transfer from investment property	-	**491,229**	**491,229**
Additions corresponding to new lease liabilities recognised during the year	-	-	-
Capitalised interest on lease liabilities	-	**11**	**11**
Balance at 30 April 2020	**6,071,270**	**1,473,808**	**7,545,078**

11. Inventory under construction (continued)

This amount 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 during the year under review and the transaction price allocated to performance obligations that are totally or partially unsatisfied as at the end of the reporting period in relation to these parking spaces amounts to *EUR2,609,994*. The final deeds of sale are expected to occur after 31 December 2024.

The carrying amount of the company's land within inventory includes *EUR6,071,270* (2019 – EUR *Nil*) in respect of right-of-use assets, representing the company's temporary emphyteusis of the leasehold land over which the buildings that are also included within inventory are being constructed. The company, as lessee, has the option to effectively purchase the land by converting the emphyteusis from temporary to perpetual and simultaneously redeeming the perpetual emphyteusis. The company is reasonably certain of exercising this option at the earliest opportunity, being the completion of construction or 16th January 2025 (being the period of 5 years and nine months from the date of the Agreement between Shoreline Residence Limited and SmartCity (Malta) Limited), whichever occurs the latest. Since the company expects to have completed construction by not later than 16 January 2025, the lease term was determined to end on this date for the purposes of the requirements of IFRS 16 *Leases*. Upon exercise of such purchase option, the company will reclassify the carrying amount of right-of-use assets at that date to inventory that is directly owned by the company.

12. Amounts due from related parties

	2020 EUR	2019 EUR
Amounts due from related parties	**82,500**	-

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

13. Other payables

	2020 EUR	2019 EUR
Other payables	**2,159**	-
Accruals	**33,247**	7,000
	35,406	7,000

14. Amounts due to related parties

	2020 EUR	2019 EUR
Amount due to related parties	**2,066,812**	776,496

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

15. Lease liabilities

Further disclosures are provided in note 8 Investment Property under Construction and note 11 Inventory under construction.

During the year under review, the company entered into an agreement with Shoreline Residence Limited, in terms of which it leased a plot of undeveloped land under a temporary emphyteusis expiring on 22 April 2106, with the option of effectively purchasing the land upon completion of construction or 16 January 2025, whichever occurs the latest. As disclosed in notes 8 and 11, the company is reasonably certain of exercising this purchase option on 16 January 2025. As required by IFRS 16 *Leases,* the amount that will be required to exercise this purchase option has been included as a lease payment, and therefore also included within the measurement of the lease liability and corresponding right-of-use asset.

The land that is the subject of the Agreement shall be used solely and exclusively for the construction of the Shoreline Complex. Shoreline Mall plc is prohibited from transferring under any title the undeveloped land and / or airspace without first obtaining the consent of SmartCity (Malta) Limited, which consent shall not be withheld if the proposed transferee is an international investor of good repute. Shoreline Mall plc shall be entitled to freely transfer by any title the developed Complex, subject to certain terms and conditions.

15. Lease liabilities (continued)

The lessee's weighted average incremental borrowing rate used to measure the company's lease liabilities is 4% per annum. All lease obligations are denominated in EUR. The company's obligations are secured on the assets to which they relate. The company's lease liabilities are analysed as follows:

	2020 EUR	2019 EUR
Total undiscounted minimum lease payments payable in settlement of lease liabilities	**176,540**	-
Less: future finance charges	**(27,818)**	-
Present value of lease obligations	**148,722**	-
Less: amounts included in current liabilities	**(399)**	-
Amounts included in non-current liabilities	**148,323**	-

During the year, lease liabilities amounting to *EUR13,000,000* were transferred to equity as a result of the settlement of such liabilities by way of an increase in share capital.

The company's total cash outflow for leases amounted to *EUR8,790* during the year under review.

In accordance with the Company's accounting policy on Depreciation, the depreciation charge for the year on right-of-use assets is *EURNil.*

The maturity analysis for lease liabilities is disclosed in note 23.

16. Share capital

	2019 Authorised, Issued and called up EUR		EUR
1,200 ordinary A shares of EUR1	1,200	100%	1,200

16. Share capital

	Authorised EUR	Issued EUR	Called up and paid EUR
16,575,997 Ordinary A shares of EUR1 each	16,575,997	16,575,997	16,575,997
4,424,002 Ordinary A shares of EUR1 each	4,424,002	4,424,002	1,500,000
1 ordinary B share of EUR 1	1	1	1
	21,000,000	21,000,000	18,075,998

The holders of the 'A' and 'B' shares rank 'pari passu' in all respects.

As further disclosed in note 15, during the year, lease liabilities for the amount of EUR13,000,000 were transferred to equity as a result of the settlement of such liabilities by way of an increase in share capital.

As further disclosed in note 18, during the year, shareholders' contributions amounting to € 1,246,312 were capitalised into shares.

17. Fair values of financial assets and financial liabilities

At 30 April 2020 and 2019 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities. The financial liabilities in this paragraph exclude lease liabilities.

18. Shareholders' contributions

These amounts represent a capital contribution from the immediate parent and are unsecured, interest-free. This capital contribution was capitalised into shares during the year under review.

19. Significant non-cash transaction

As further disclosed in notes 15 and 16, during the year, lease liabilities for the amount of *EUR13,000,000* were transferred to equity as a result of the settlement of such liabilities by way of an increase in share capital.

As further disclosed in note 18, shareholders' contributions were capitalised into shares during the year under review.

20. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amount in the statement of financial position:

	2020	2019
	Eur	Eur
Cash at bank	**1,132,460**	148

Cash at bank earns interest at floating rates based on bank deposit rates. The interest rate on the cash at bank in 2020 was 0.925% per annum (2019 – 0.925%).

21. Related party disclosures

The parent and ultimate parent companies of Shoreline Mall Ltd are Shoreline Holdings Limited and Jade Property Investments Ltd respectively, which are both incorporated in Malta. The registered office is Suite 407, level 4, block SC, Smart City Malta, Ricasoli.

The directors consider the ultimate controlling party to be Ryan Edward Otto who owns 61.82% (2019 – 68.13%) of the issued share capital of the immediate parent company.

Transaction with related parties

As disclosed in note 15, during the year under review, the company entered into an agreement with Shoreline Residence Limited, in terms of which it leased a plot of undeveloped land under a temporary emphyteusis. Further details are provided in this note.

As further disclosed in notes 15 and 16, during the year, lease liabilities for the amount of *EUR13,000,000* were transferred to equity as a result of the settlement of such liabilities by way of an increase in share capital.

21. Related party disclosures

During the current period, fellow subsidiaries and related parties have transferred to Shoreline Mall p.l.c, the costs incurred in connection with the development of the Mall project (note 8 and 11). The total cost of acquiring such assets amounted to *EUR3,719,832 (2019 – EUR1,964,917).*

Key management personnel compensation is disclosed in note 7.

Related party balances

The terms and conditions of the amounts due from/to related parties at year end are disclosed in note 12 and 14. 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. The terms and conditions of the amounts recognised in other equity at 30 April 2019 are disclosed in note 18,

22. Capital commitments

	2020 **Eur**	2019 Eur
Investment property and property held for sale under construction– authorised but not contracted for	**53,700,000**	57,000,000

This represents the total estimated capital expenditure, construction, development and other directly attributable costs to complete the Shoreline Mall Project.

23. Financial risk management

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the company's exposure to financial risks or the manner in which the company manages and measures these risks are disclosed below.

23. Financial risk management (continued)

Where possible, the company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation.

Financial assets which potentially subject the company to concentrations of credit risk consist principally of cash at bank.

Cash at bank is placed with reliable financial institutions with a credit rating of BBB (12m ECL).

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with their financial liabilities, which comprise principally of other payables, amounts due to related parties and lease liabilities as disclosed in notes 13, 14 and 15 respectively.

The company monitors and manages its risk to a shortage of funds by monitoring the availability of raising funds to meet commitments associated with the development of the Shoreline site. The company enjoys the support of its immediate parent and the ultimate shareholders and the company's related party balances' are expected to continue to form part of the company's effective financing structures. The company is therefore confident that it will be in a position to continue to meet its commitments as and when they fall due.

23. Financial risk management (continued)

Liquidity risk (continued)

Liquidity is largely managed at group level whereby funds are transferred within the group as the need arises. During the current financial year, the Shoreline Group commenced the process of reviewing its financing arrangements to ensure that it is in a position to meet its short-term operational and cash flow commitments. As disclosed in notes 1 and 25, subsequent to year end, the company raised funds through an issue of bonds on the Maltese Stock Exchange (note 25).

The following maturity analysis for lease liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the company can be required to pay. The analysis includes both interest and principal cash flows.

	2020	2019
	EUR	EUR
Within 1 year	**6,328**	-
Between 2 and 5 years	**170,212**	-
	176,540	-

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of debt, which includes the other borrowings disclosed in note 13, cash and cash equivalents as disclosed in note 20 and items presented within equity in the Statement of financial position.

The company's directors manage the company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Subsequent to year end, the company raised funds through an issue of bonds on the Maltese Stock Exchange (note 25).

24. Segment information

As outlined in note 1, the company's principal activities is to develop and manage the Shoreline Mall and to develop 7 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 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 are classified with inventories and investment properties respectively in note 11 and note 8. Since the project is managed centrally the above activities are considered to be one operating segment as at the year end.

25. Events after the end of the reporting year

During the financial year under review, the company applied to the Listing Authority in Malta 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 €100 at par. The Listing Authority has authorised the bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 18 June 2020.

The bond subscriptions closed in July 2020 with the bonds being fully subscribed. Such proceeds will be utilised for the development of the project.

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Company Ref No: C51312
VAT Reg No: MT2013 6121
Exemption number: EXO2155

Independent auditor's report

to the members of
Shoreline Mall p.l.c

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shoreline Mall p.l.c (the Company), set out on pages 7 to 34, which comprise the statement of financial position as at 30 April 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows, for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2020, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

The directors are responsible for the other information. The other information comprises the company information on page 1, the Directors' report on pages 2-5, the statement of directors' responsibilities on page 6, but does not include the financial statements and our auditor's report thereon.

Except for our opinion on the Directors' report in accordance with the Companies Act (Cap. 386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

Deloitte.

Independent auditor's report (continued)

to the members of
Shoreline Mall p.l.c

Information other than the financial statements and the auditor's report thereon

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Directors' report on page 2-5, in our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Responsibilities of the directors for the financial statements
As explained more fully in the statement of directors' responsibilities on page 6, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Deloitte.

Independent auditor's report (continued)

to the members of
Shoreline Mall p.l.c

Auditor's Responsibilities for the Audit of the Financial Statements

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Reports on Other Legal and Regulatory Requirements
Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations, which to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report to you in respect of these responsibilities.

A-Carabott

Antoine Carabott as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Birkirkara, Malta

27 August 2020