

MAIN STREET COMPLEX P.L.C.

Condensed interim financial statements  
for the period 1 January 2024 to 30 June 2024

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## **Directors' report pursuant to Capital Markets rule 5.75.2**

*This half-yearly directors' report is being published in terms of Chapter 5 of the Capital Markets Rules published by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The half-yearly report, of which the present directors' report forms part, comprises the unaudited condensed interim financial statements of Main Street Complex p.l.c. (the "Company") for the six months ended 30 June 2024 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2023.*

### **Principal activities**

The Company's principal activity, which remained unchanged since last year, is to grant concessions of outlets or spaces in the 'Main Street Complex', a shopping and entertainment mall in Paola, Malta, against an agreed annual rate, and in some cases, a fee payable based on a percentage of the Concessionaire's turnover.

### **Financial results**

During the six months to 30 June 2024, Main Street Complex kicked off the refurbishment and reconfiguration works programme for Level -1. Works, which commenced in April and were completed in July this year, required the temporary closure of one tenant, who extended the previous shop space and has now opened a newly configured outlet. The remaining floor area was vacant since the previous tenant opted not to renew the tenancy agreement after it expired in March 2024.

The company's revenues decreased from €391,062 in first six months of 2023 to €363,265 in the corresponding period in 2024. Revenue for 2024 includes income of €3,166 from treasury bills in which the Company invested a portion of its cash balances. The 8% decrease in operating income net of investment income is the result of certain tenants not renewing their agreement, as well as revenue foregone from the aforementioned tenant affected during the period of works. The average occupancy for the first six months up to 30 June 2024 stood at 89.5%, compared to 98.5% occupancy during 2023. Expenditure related to continued upkeep and cleaning, coupled with the cost-of-living increases on services received, resulted in operating costs increasing by €9,544 over the previous year, up to €53,519 (€43,975 in 2023). Additional marketing spend contributed to 29% of the total increase in operating expenses. The total administrative expenses and depreciation for the period remained in line with that reported for the six months ended 30 June 2023. The company's net profit before tax for the period stood at €197,064 as against €234,400 registered in the previous year.

EBITDA amounting to €249,298 (€285,524 in 2023) generated through the first six months of 2024 covered the dividend of €214,000 paid in May 2024 in respect of 2023 end of year results, as well as the capital expenditure amounting to €25,360 paid so far for the refurbishment works. The accumulated cash balance of €750,562 at December 2023 was partially used to meet all trade and fiscal dues as they fell due, leaving a positive cash balance of €511,641 as at 30 June 2024. The company's financial position remains strong with no external borrowing other than normal trade credit and a total equity amounting to €10,850,469 (€10,923,378 as at 31 December 2023).

**Directors' report pursuant to Capital Markets rule 5.75.2 – continued**

**Financial results - continued**

While the board and management remain confident that the refurbishment of the complex together with the various projects and developments in the Paola area should all positively contribute towards more visitors in the locality, they remain cautiously optimistic about the ability to attract new tenants in replacement of existing ones and the terms and conditions on which new leases will be signed. Meanwhile management is in discussions with a number of potential tenants interested in taking up space at Main Street Complex.

The statement of comprehensive income is set out on page 4.

**Dividends**

The Board of Directors recommended a net dividend amounting to €214,000 in respect of the year ended 31 December 2023 (2022: €211,983), which was paid on 5 June 2024.

Having given due consideration to the performance of the Company, the Board of Directors have agreed on the payment of an interim net dividend of €104,677 in respect of the current financial year 2024.

Approved by the Board of Directors on 21 August 2024 and signed on its behalf by:

  
Joseph A. Gasan  
Chairman

  
Etienne Borg Cardona  
Director

## Statement of financial position

|                                     | As at 30<br>June  | As at 31<br>December |
|-------------------------------------|-------------------|----------------------|
|                                     | 2024              | 2023                 |
|                                     | €                 | €                    |
|                                     | Unaudited         | Audited              |
| <b>ASSETS</b>                       |                   |                      |
| <b>Non-current assets</b>           |                   |                      |
| Property, plant and equipment       | 11,445,153        | 11,471,545           |
| <b>Current assets</b>               |                   |                      |
| Trade and other receivables         | 189,773           | 154,353              |
| Cash and cash equivalents           | 511,641           | 750,562              |
| Total current assets                | 701,414           | 904,915              |
| <b>Total assets</b>                 | <b>12,146,567</b> | 12,376,460           |
| <b>EQUITY AND LIABILITIES</b>       |                   |                      |
| <b>Capital and reserves</b>         |                   |                      |
| Share capital                       | 1,938,462         | 1,938,462            |
| Share premium                       | 2,876,923         | 2,876,923            |
| Revaluation reserve                 | 4,868,958         | 4,868,958            |
| Retained earnings                   | 1,166,126         | 1,239,035            |
| Total equity                        | 10,850,469        | 10,923,378           |
| <b>Non-current liabilities</b>      |                   |                      |
| Deferred tax liability              | 1,136,542         | 1,136,542            |
| Total non-current liabilities       | 1,136,542         | 1,136,542            |
| <b>Current liabilities</b>          |                   |                      |
| Trade and other payables            | 91,992            | 189,116              |
| Current tax liabilities             | 67,564            | 127,424              |
| Total current liabilities           | 159,556           | 316,540              |
| Total liabilities                   | 1,296,098         | 1,453,082            |
| <b>Total equity and liabilities</b> | <b>12,146,567</b> | 12,376,460           |

The notes on pages 7 to 10 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 3 to 10 were authorised for issue by the board on 21 August 2024 and were signed on its behalf by:

  
Joseph A. Gasan  
Chairman

  
Etienne Borg Cardona  
Director

**Statement of comprehensive income**

|   | <b>Six-months<br/>ended<br/>30 June 2024<br/>Unaudited<br/>€</b> | <b>Six-months<br/>ended<br/>30 June 2023<br/>Unaudited<br/>€</b> |
|---|--|--|
| Revenue   | <b>363,265</b>   | 391,062  |
| Operating expenses  | <b>(53,519)</b>  | (43,975)   |
| Depreciation  | <b>(51,752)</b>  | (50,613)   |
| Administrative expenses                                       | <b>(60,448)</b>  | (61,563)   |
| <b>Operating profit</b>                                       | <b>197,546</b>   | 234,911  |
| Finance costs   | <b>(482)</b>   | (511)  |
| <b>Profit before tax</b>                                      | <b>197,064</b>   | 234,400  |
| Tax expense   | <b>(55,972)</b>  | (59,727)   |
| <b>Profit for the period<br/>- total comprehensive income</b> | <b>141,092</b>   | 174,673  |
| <b>Earnings per share</b>                                     | <b>0.007</b>   | 0.009  |

The notes on pages 7 to 10 are an integral part of these condensed interim financial statements.

### Statement of changes in equity

| Unaudited                       | Share<br>capital<br>€ | Share<br>premium<br>€ | Revaluation<br>reserve<br>€ | Retained<br>earnings<br>€ | Total<br>equity<br>€ |
|---------------------------------|-----------------------|-----------------------|-----------------------------|---------------------------|----------------------|
| Balance at 1 January 2023       | 1,938,462             | 2,876,923             | 4,861,000                   | 1,236,313                 | 10,912,698           |
| <b>Comprehensive income</b>     |                       |                       |                             |                           |                      |
| Profit for the period           | -                     | -                     | -                           | 174,673                   | 174,673              |
| <b>Transactions with owners</b> |                       |                       |                             |                           |                      |
| Dividends paid                  | -                     | -                     | -                           | (211,983)                 | (211,983)            |
| <b>Balance at 30 June 2023</b>  | <b>1,938,462</b>      | <b>2,876,923</b>      | <b>4,861,000</b>            | <b>1,199,003</b>          | <b>10,875,388</b>    |
| Balance at 1 January 2024       | 1,938,462             | 2,876,923             | 4,868,958                   | 1,239,035                 | 10,923,378           |
| <b>Comprehensive income</b>     |                       |                       |                             |                           |                      |
| Profit for the period           | -                     | -                     | -                           | 141,092                   | 141,092              |
| <b>Transactions with owners</b> |                       |                       |                             |                           |                      |
| Dividends paid                  | -                     | -                     | -                           | (214,001)                 | (214,001)            |
| <b>Balance at 30 June 2024</b>  | <b>1,938,462</b>      | <b>2,876,923</b>      | <b>4,868,958</b>            | <b>1,166,126</b>          | <b>10,850,469</b>    |

The notes on pages 7 to 10 are an integral part of these condensed interim financial statements.

## Statement of cash flows

|   | Six-months<br>ended<br>30 June 2024<br>Unaudited<br>€ | Six-months<br>ended<br>30 June 2023<br>Unaudited<br>€ |
|---|---|---|
| <b>Cash flows from operating activities</b>             |   |   |
| Cash generated from operations                          | 116,754   | 266,439   |
| Bank charges paid                                       | (482)   | (511)   |
| Tax paid  | (120,702)   | (116,597)   |
| Net cash (used in)/generated from operating activities  | (4,430)   | 149,331   |
| <b>Cash flows from financing activities</b>             |   |   |
| Dividends paid  | (214,001)   | (211,983)   |
| Movement in related party balances                      | 4,870   | (15,808)  |
| Net cash used in financing activities                   | (209,131)   | (227,791)   |
| <b>Cash flows from investing activities</b>             |   |   |
| Additions to property, plant and equipment              | (25,360)  | (776)   |
| Net cash used in investing activities                   | (25,360)  | (776)   |
| <b>Net movement in cash and cash equivalents</b>        | (238,921)   | (79,236)  |
| <b>Cash and cash equivalents at beginning of period</b> | 750,562   | 636,157   |
| <b>Cash and cash equivalents at end of period</b>       | 511,641   | 556,921   |

The notes on pages 7 to 10 are an integral part of these condensed interim financial statements.



## Notes to the interim financial statements

### 1. Basis of preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, have been extracted from the Company's unaudited accounts for the six months ended 30 June 2024. The half-yearly results are being published in terms of Chapter 5 of the Capital Markets Rules of the Malta Financial Services Authority.

The condensed interim financial statements as at, and for the six-month period ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, "Interim Financial Reporting"). The condensed interim financial statements information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRSs as adopted by the EU. The financial statements of the Company as at, and for the year ended 31 December 2023 are available upon request from the Company's registered office at Main Street Complex, Antoine De Paule Square, Paola, PLA1262, Malta. They are also available for viewing on its website at [www.mainstreetcomplex.com](http://www.mainstreetcomplex.com).

### 2. Accounting policies

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those of the annual financial statements of Main Street Complex p.l.c. for the year ended 31 December 2023, as described in those financial statements.

#### *New and amended standards adopted by the Company*

A number of amended standards became applicable for the current reporting period. There is no impact on the adoption of these revisions on the Company's accounting policies and on the Company's financial results.

#### *Impact of standards issued but not yet applied by the Company*

Certain amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2024. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

**3. Property, plant and equipment**

|                                    | Land and<br>buildings<br>including<br>improvements<br>to premises<br>€ | Plant,<br>machinery<br>and<br>equipment<br>€ | Furniture,<br>fixtures<br>and<br>fittings<br>€ | Total<br>€        |
|------------------------------------|--|--|--|-------------------|
| <b>At 1 January 2023</b>           |  |  |  |                   |
| Cost or valuation                  | 11,842,869   | 690,656                                      | 382,992  | 12,916,517        |
| Accumulated depreciation           | (397,869)  | (589,080)                                    | (357,570)                                      | (1,344,519)       |
| Net book amount                    | 11,445,000   | 101,576                                      | 25,422   | 11,571,998        |
| <b>Year ended 31 December 2023</b> |  |  |  |                   |
| Opening net book value             | 11,445,000   | 101,576                                      | 25,422   | 11,571,998        |
| Additions                          | -  | 776  | -  | 776               |
| Depreciation charge                | (79,574)   | (18,102)                                     | (3,553)  | (101,229)         |
| Closing net book amount            | 11,365,426   | 84,250                                       | 21,869   | 11,471,545        |
| <b>At 31 December 2023</b>         |  |  |  |                   |
| Cost or valuation                  | 11,842,869   | 691,432                                      | 382,992  | 12,917,293        |
| Accumulated depreciation           | (477,443)  | (607,182)                                    | (361,123)                                      | (1,445,748)       |
| Net book amount                    | 11,365,426   | 84,250                                       | 21,869   | 11,471,545        |
| <b>Period ended 30 June 2024</b>   |  |  |  |                   |
| Opening net book value             | 11,365,426   | 84,250                                       | 21,869   | 11,471,545        |
| Additions                          | 25,360   | -  | -  | 25,360            |
| Depreciation charge                | (41,735)   | (8,462)                                      | (1,555)  | (51,752)          |
| Closing net book amount            | <b>11,349,051</b>  | <b>75,788</b>                                | <b>20,314</b>                                  | <b>11,445,153</b> |
| <b>At 30 June 2024</b>             |  |  |  |                   |
| Cost or valuation                  | 11,868,229   | 691,432                                      | 382,992  | 12,942,653        |
| Accumulated depreciation           | (519,178)  | (615,644)                                    | (362,678)                                      | (1,497,500)       |
| Net book amount                    | <b>11,349,051</b>  | <b>75,788</b>                                | <b>20,315</b>                                  | <b>11,445,153</b> |

The Company operates Main Street Complex, a fully serviced shopping complex, leasing out of retail space. The extent of the services provided is deemed to be significant to the arrangement with the concessionaires as a whole. The shopping complex, which is made up of all the classes of assets included in property, plant and equipment above, is leased out under operating leases and accordingly is treated as property, plant and equipment under the requirements of IAS 16 rather than investment property under IAS 40.

**3. Property, plant and equipment - continued**

*Fair value of land and buildings*

The land and buildings within property, plant and equipment were revalued during the year ended 31 December 2022 by an independent property valuer having appropriate recognised professional qualifications and experience in the location and category of the property being valued. Management have reviewed the carrying amounts of the properties as at 31 December 2023, no adjustments to the carrying amounts were deemed necessary as at that date taking cognisance of the developments that occurred during the current financial period. The Directors are of the opinion that the principal assumptions used reflect a prudent approach and that the carrying amount of the company's property as at the end of the current financial period, is an appropriate estimate of its fair value.

The Company is required to disclose fair value measurements by level of the following fair value measurement hierarchy for non-financial assets carried at fair value:

- Quoted prices (unadjusted) in active markets for identical assets (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company's recurring fair value measurements are categorised as level 3 as they are based on significant unobservable inputs. The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. During the current financial period there were no transfers between the fair value levels.

The Company's land and buildings represent Main Street Complex, and its current use equates to the highest and best use.

*Valuation process and techniques*

The Company's property is valued on periodic valuation by the Directors after seeking professional advice from independent professionally qualified valuers who hold a recognised relevant professional qualification and have the necessary experience in the location and segments of the property being valued.

At the end of every reporting period during which an external valuation is not carried out, the Directors also assess whether any significant changes in actual circumstances, income streams, results and developments have been experienced since the last external valuation. An adjustment to the carrying amount of the property is only reflected if it has been determined that there has been a significant change.

The valuation was determined using discounted cash flow projections considering, *inter alia*, the projected future earnings from the Complex, in the main based on current concession agreements, its ongoing maintenance needs, and other relevant market factors. Accordingly, the significant unobservable inputs applied in the Company's valuation are the following:

- Earnings before interest, tax, depreciation and amortisation (EBITDA): which is based on the Company's existing concession income streams less operating costs (before depreciation) which include marketing and maintenance expenses.
- Growth rate, at an average of 2.5% (2023: 2.5%): represents the estimated average growth of the Company's concession income.

**3. Property, plant and equipment - continued**

- A discount rate of 8.5% (2023: 8.5%) was applied in estimating the net present value of the projected future free cash flows, and a cap rate of 7.0% (2023: 7.0%).

An increase in the EBITDA and the growth rate and/or a decrease in the discount rate, would result in an increase to the fair value of the property. Management carried out a sensitivity analysis and determined that, as an example, a shift of +/-0.5% in the discount rate, which is deemed to be the main key input, would result in a reduction of €252,000 (or 2.2%) or an increase of €291,000 (or 2.5%) in fair value respectively.

**4. Commitments**

*Operating lease commitments - where the Company is the lessor*

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

|  | <b>30 June<br/>2024</b> | 31 December<br>2023 |
|--|-------------------------|---------------------|
|  | €                       | €                   |
|  | <b>Unaudited</b>        | Audited             |
| Not later than 1 year                        | <b>450,777</b>          | 546,541             |
| Later than 1 year and not later than 5 years | <b>562,764</b>          | 598,248             |
|  | <b>1,013,541</b>        | 1,144,789           |

**5. Dividends**

On 28 May 2024, the Board of Directors approved the payment of a net dividend in respect of the year ended 31 December 2023 amounting to €214,000 (2023: €211,983).

**6. Related party transactions**

The Company has related party relationships with Embassy Limited, related entities ultimately controlled by Embassy Limited together with the Company's directors ('key management personnel'). Companies forming part of the Embassy Group and the Gasan Group are considered to be related parties.

The following principal operating transactions, which were carried out with related parties, have a material effect on the operating results and financial position of the Company:

|                 | <b>Six-months<br/>ended<br/>30 June 2024</b> | Six-months<br>ended<br>30 June 2023 |
|-----------------|--|-------------------------------------|
|                 | €  | €                                   |
|                 | <b>Unaudited</b>                             | Unaudited                           |
| Management fees | <b>21,864</b>                                | 21,540                              |

### Statement pursuant to Capital Markets Rule 5.75.3

I confirm that to the best of my knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, 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 Standard 34, 'Interim Financial Reporting');
- the interim directors' report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.



Joseph A. Gasan  
Chairman

21 August 2024