Annual Report 2021

TIGNÉ MALL PLC

THE POINT
SHOPPING MALL
TIGNÉ POINT

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SHOPPING MALL

TIGNÉ POINT

Chairman's Statement

I am pleased to report positive and improved results for the company during 2021, our twelfth year of operations. The Covid-19 pandemic continued to play centre stage during the period under review and just like in 2020, non-essential retail outlets were shut down by the Health Authorities for a period of 46 days between 11th of March and 25th of April 2021. This was a tough period for retailers since at the time the lockdown was announced, most were already in receipt of substantial stocks for the new Spring - Summer collection. It also meant that retailers were tight both in terms of cash flow and in respect of the time window that was available to them to clear the season's stock. The board of directors was monitoring this situation very closely at the time and met as and when required to agree on the best way forward in the circumstances.

The board continues to take the view that the leases with our tenants are a long-term relationship, and it was within this spirit that it was decided yet again not to charge rent during the period of closure. Of course, this came at significant cost to the company, but it was seen to be an important and necessary, albeit expensive investment in its own future. I am pleased to report that a strong recovery was seen after the reopening of the centre, and this was sustained throughout the year right up to the Christmas period. We think that this time round, people had better knowledge of the virus and how to avoid it. Furthermore, many had already been vaccinated and customers were generally less apprehensive of visiting shopping centres like The Point. In fact, footfall increased very significantly over 2020 and shop sales were often in line and at times even better than those achieved in 2019 which was our best year ever.

The results achieved in 2021 are truly encouraging. Despite the cost of the support initiatives extended to our tenants, the company still registered revenues of €6.7 million, an improvement of 23% over 2020 when revenues had dropped to around €5.4 million. Operating profits consequently increased to €4.2 million (2020: €2.9 million) and the Company ended the year with profits before tax of €3.6 million, an improvement of 68% on the €2.16 million registered in 2020. This means that the Company's profitability is practically back in line with 2019. The resultant earnings per share for the year came in at 4.99 Euro cents as opposed to 2.35 Euro cents in the previous year. The property was also revalued at the end of 2021 to €81.4 million.

As Covid-19 related measures started to be eased, I was glad to see The Point re-emerge as a place of choice for social interaction and a truly integral part of daily life of the community at Tigné Point and beyond. It felt good to see people coming back to the Mall and tenants recording good sales performances. Clearly the products, services and experiences The Point offers are what customers want and in sync with the exigencies of their lifestyle. This alignment ensures that The Point continues to attract top brands and leading retailers seeking to extend their physical retail presence in premium locations. It also presents them with a unique opportunity to expose their brands to the high number of customers that visit the Mall annually. I am also pleased to report that the Mall was fully let during 2021, and demand for space at The Point remains strong.

Another ongoing priority has been the wellbeing and safety of our people, those who work at the Mall and all who visit. Our response to the pandemic reflected this and I can report that no expense was spared in ensuring that everyone remained safe, connected and positively engaged during this challenging period. The board was engaged with the centre management team throughout the year with ongoing communication and regular briefings.

The coronavirus pandemic remains a concern for landlords of retail real estate around the globe. Even as the pandemic shows signs of relenting, the challenges it has brought about still affect the retail market today and will probably continue to do so for years to come. Logistical costs have spiralled out of control and delivery lead times have become rather unreliable. The closure of non-essential retail outlets in March - April of 2021 invariably led to reduced cash flow and higher inventory costs for our retailers. This in turn necessitated an element of burden-sharing by the landlord as in 2020. Again, this was tough since landlords received no assistance in this respect.

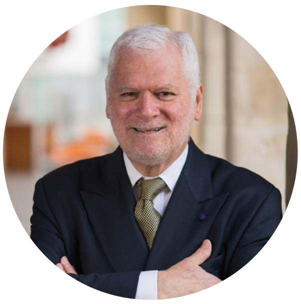
As indicated in my statement for 2020, dividend payment remains one of the Board's priorities and further to the results achieved together with the improved outlook with respect to the Covid-19 pandemic, the Board of Directors has resolved to recommend a final net dividend payment of €750,000 in respect of the 2021 financial results, for approval at the 2022 AGM. Notwithstanding this, the conservation of cash reserves remains a priority for the Company, likewise the ongoing adaptation of the business and its operations to the fast-paced changes in our market.

I conclude my statement by extending my sincere appreciation to my fellow Board members and the executive management team for their unwavering commitment in seeing the company through this challenging period. The business has demonstrated resilience and delivered a positive performance despite the prevailing adversity. I likewise extend my gratitude to our tenants and to our various other stakeholders for their unfailing co-operation during the pandemic.

Finally, I thank you, all shareholders of Tigné Mall plc, for your ongoing support.

Mr. Joseph Zammit Tabona
Chairman

THE BOARD



Mr. Joseph Zammit Tabona
Chairman

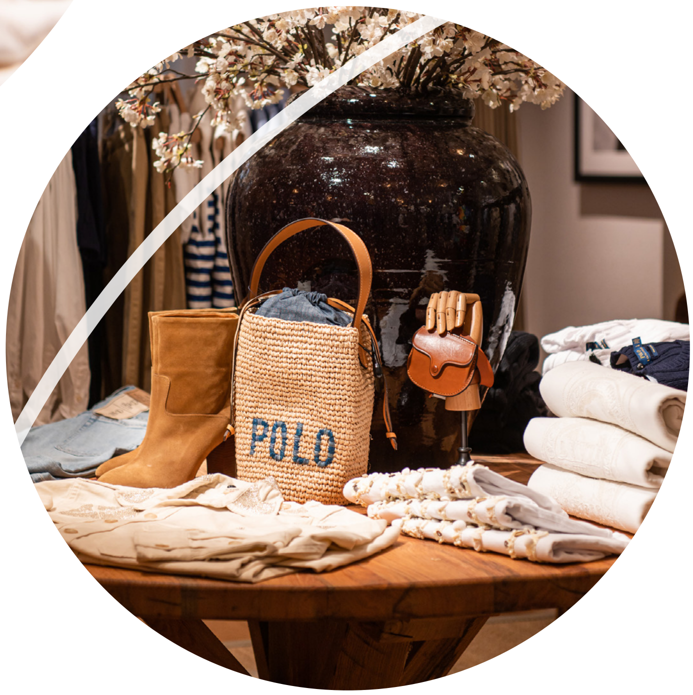
David Demarco

Caroline Buhagiar Klass

Marzena Formosa

Albert Frendo

Daniela Fenech
(Company Secretary)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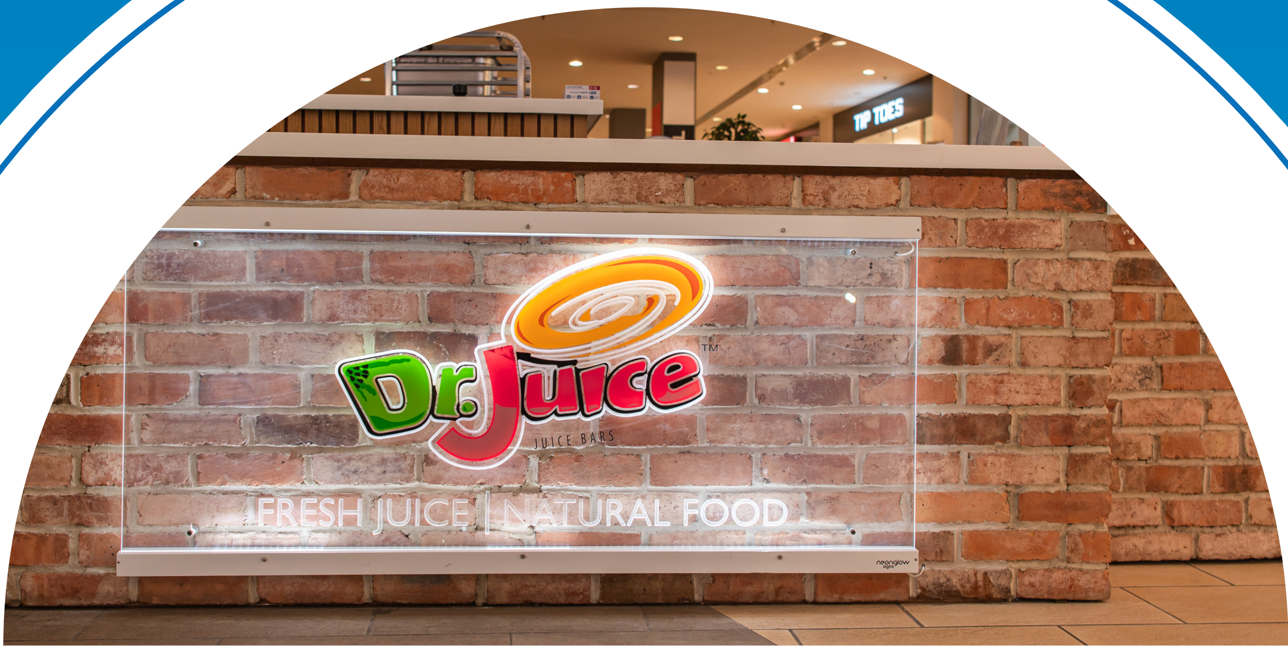

TIP TOES
Dr.Juice
JUICE BARS
FRESH JUICE | NATURAL FOOD

Chief Executive's Review

OUR PERFORMANCE IN 2021

Our business performance during 2021, achieved in the difficult context of COVID-19 pandemic, gives us confidence for 2022. Throughout the year under review, we witnessed a strong recovery in tenant sales, often at values nearing or topping pre-COVID levels. The Mall maintained full occupancy throughout the peak pandemic years of 2020 and 2021. Our leasing strategy delivered solid results, including a material increase in sales-based rents for the period under review, and sets the platform for further upside as market conditions continue to improve. Looking back on this year, the fundamentals of our business remained strong, and it was evident that The Point kept its place as an important and essential destination for our customers.

2021 was nonetheless a challenging year for both our business and likewise for that of our tenants. The company chose to carry the burden of yet another forced lock-down on non-essential retail outlets, this time round lasting 46 days. This, together with the ongoing prohibition on the organization of events at the mall and the enforcement of various stringent health and safety restrictions for both the centre and its retailers meant that 2021 was another challenging year for the centre management team. Despite these circumstances, the business sailed through the year smoothly, demonstrating impressive resilience and delivering a truly positive performance.

I am pleased to report that during 2021, the Company attained revenues of €6.7 million. This constitutes a marked improvement on 2020 revenues (€5.4m) and is very close to the €7 million generated by the company in 2019, when it reported its highest-ever revenues. The resultant operating profit for the year was €4.2 million (2020: €2.9 million), of which the company paid €0.6 million by way of finance costs. Consequently, we ended the year with pre-tax profits of €3.6 million, an improvement of over 68% on 2020 results. Earnings per share came in at 4.99 Euro cents (2020: 2.35 Euro cents), a massive improvement of 112% on 2020. I am therefore pleased to note that based on these results, the Board of Directors has resolved to recommend a final net dividend payment of €750,000 in respect of the 2021 financial results, for approval at the 2022 Annual General Meeting.

The primary goals of our financial strategy in the last two years have been maintaining financial strength and managing cash and liquidity tightly. We will carry these priorities into 2022 as the business recovers from the impact of the pandemic. We are of course hopeful that the positive lift in consumer confidence is maintained. Towards this end, we will continue to keep our customers at the centre of our decision-making process, listening and rapidly adapting to their changing expectations.

MARKET REVIEW

During the pandemic, our marketing strategy needed to be continually adapted to the new realities in the retail market. The prohibition of events and on-site promotions at the Mall necessitated a shift in our marketing focus towards reaching out to customers through the media, both the traditional platforms and ever more so, via the social media. I am pleased to report that this shift in strategy has been effective and has produced the required results. In fact, footfall recovered significantly during 2021, as did tenant sales. All in all, despite the challenging circumstances, the Mall traded at a very satisfactory level of activity and the shops performed well.

Overall, the second half of 2021 saw the beginnings of a return to normal. Increased consumer confidence fuelled a relatively bumper Christmas, as the pandemic waned, and demand normalised. Ultimately, even in the context of an ongoing global health emergency, those retailers who got the basics right were successful. Intelligent retail disciplines were rewarded, particularly for retailers that focused on margins over sales, invested in human resources or overcame supply chain challenges by focusing on relationships to secure stock.

2022 OUTLOOK

We are looking forward to 2022 with renewed confidence. That said, it looks very likely that it will require much of the same focus and efforts of the last two years. The challenges in the retail market continue around a squeeze on consumer disposable income, supply chain pressures and rising inflation. There will of course still be opportunities for retailers to differentiate and grow their market share as retail continues on its path to recovery.

On the 3rd of June 2021, the Company had announced that the tenancy of its largest store, Debenhams, had been terminated and concurrently it had concluded an agreement with the Classic Group to take up the same space. This was a major achievement for the company since it ensured full occupancy of the centre throughout the entire year. It also demonstrated that The Point was still the destination of choice for retailers even during these challenging times. We now look forward to the launch of this new store in 2022. Likewise, following a similar arrangement with Chain food store, we look forward to the opening of the new SPAR store in the second half of the year.

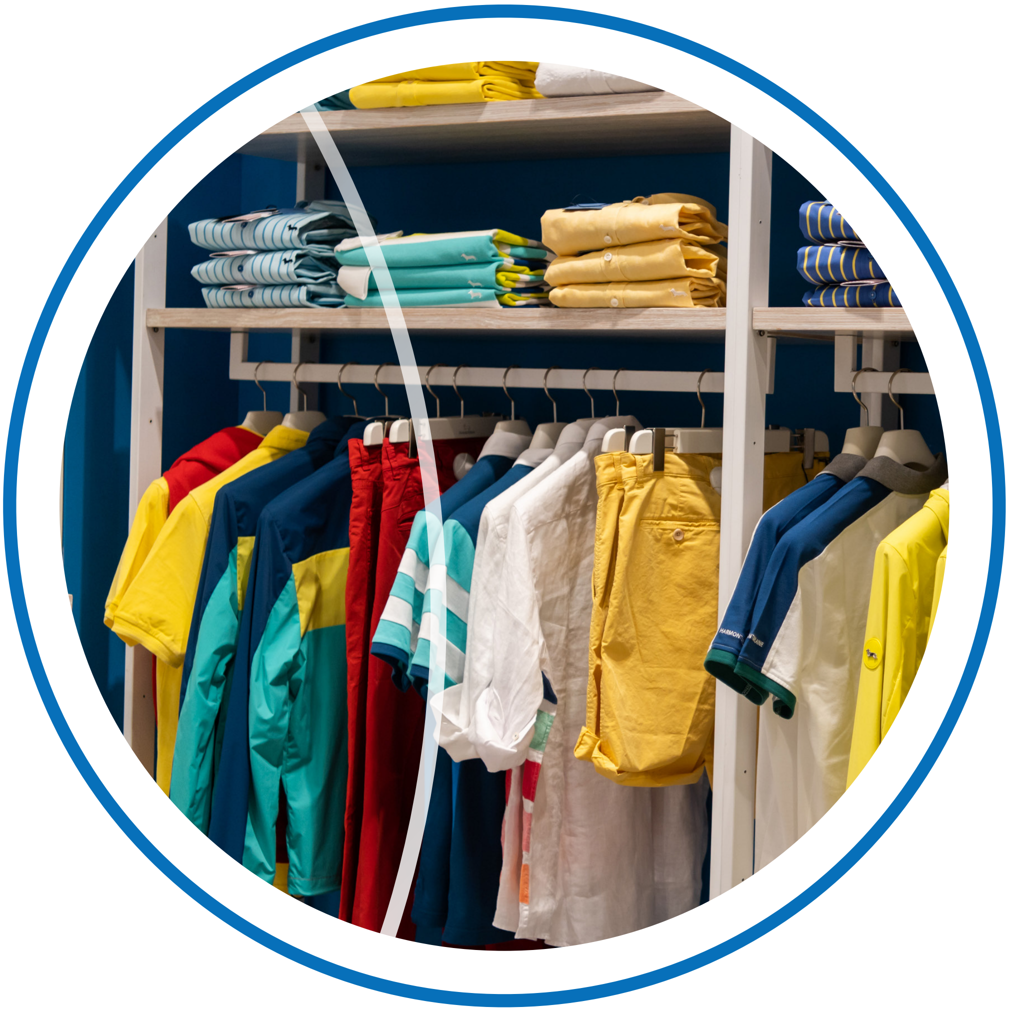
The company is now into its thirteenth year of operations. Time flies. The experience accumulated by the team over the years gives us confidence for the future. I am extremely appreciative of the unrelenting efforts of our compact but effective centre management team. The team has been extremely supportive of our retailers, our customers and each other. It was truly reassuring to see the team adapting to different ways of operations with relative ease and total commitment. Their collective efforts have enabled the business to continue with uninterrupted operations during this challenging time and for this I am indebted.

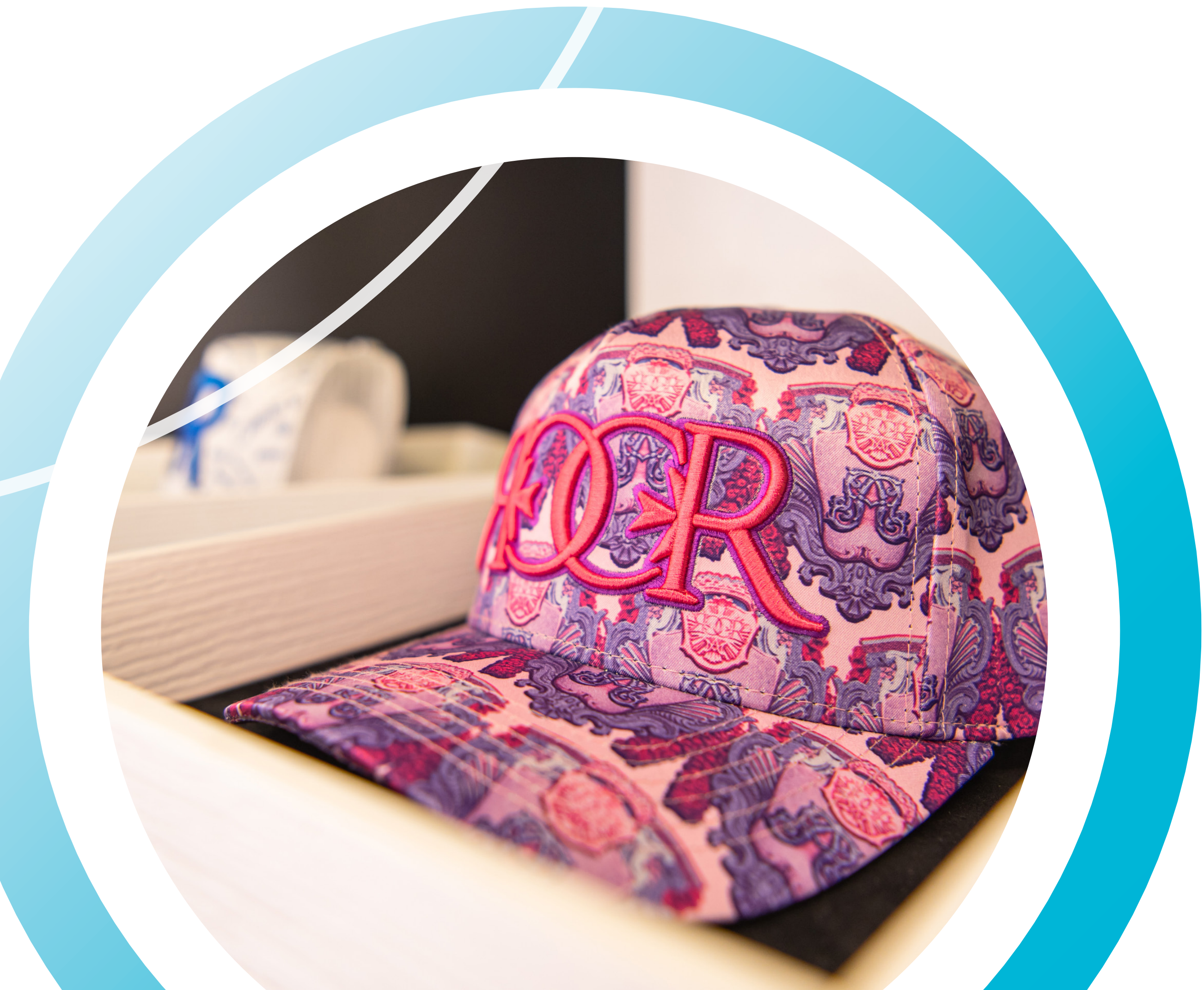
We continue to adapt and transform the business to enable it to navigate the future and mitigate the challenges it may hold. Even during 2022, it is evident that it will remain key to provide an excellent experience for our customers within a safe environment. Going forward, the team will continue to support our customers via new initiatives and meet their needs in a Covid-safe manner. This operational goal requires constant updating of the centre's brand mix and raising the bar in respect of the quality of the customer experience offered.

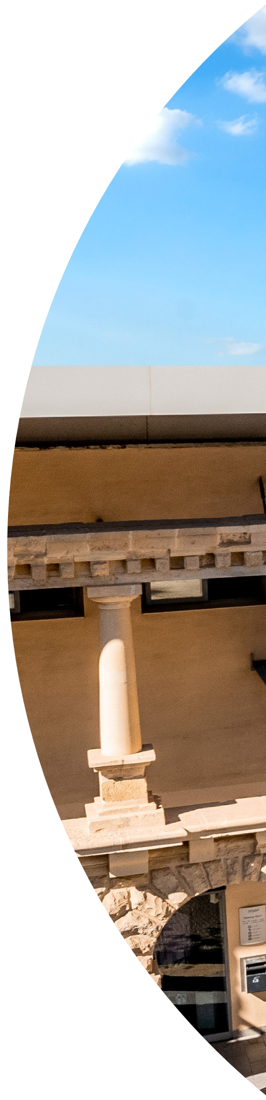
Another important goal for the company is that of Environmental, Social and Governance (ESG). Now that important commitments on climate change have been made at a global, European and national level, we believe that it is the time for us and our retailers to act accordingly. In the coming years, both the centre and its retailers need to accelerate their efforts to decarbonise operations, products and their supply chain. This will be another key priority for the management team in the coming years.

I end my review by thanking our board of directors for its wise counsel and guidance during the last year. I likewise thank our employees for their dedication and commitment during this particularly challenging time, and for their collective valued contribution to the company's 2021 results.

Edwin Borg
Chief Executive Officer







TIGNÉ MALL PLC

Annual Financial Report 2021

Company Registration Number: C 35139

Contents

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company's principal activity is the ownership and management of 'The Point Shopping Mall' (the Mall) and its car park.

REVIEW OF THE BUSINESS

Similar to the previous year, 2021 was also characterised by disruptions that the Covid-19 pandemic brought to the market. In retail specifically, retailers not only needed to cope with weaker demand, but they also had to operate under the severe constraints brought about by the challenging logistical issues that the pandemic brought about all along their supply chain. Franchisors were very often, unable to meet in full the orders put in by local retailers and this situation only started to improve towards the second half of the year. Retailers have had to work for substantial periods with insufficient, if not inadequate stocks. Managing human resources was another challenge faced by the industry during the period under review. At times, retailers had so many employees who were unwell or caught up in quarantine at the same time, that their trading capabilities were severely compromised. A further impact on retail business during the period under review was brought about by the mandatory closure of non-essential retail by the National Health Authorities between the 11 March and 25 April 2021. During this period, only the food store and the pharmacy continued to trade. On the upside, business results were highly encouraging, even in instances exceeding pre-COVID levels. Indeed, when retail trade recommenced towards the end of April, business picked up almost immediately and turnover registered by tenants during this period very often exceeded that of 2019.

Our marketing strategy had to be adapted to these new realities and the seeking of alternatives to the traditional organisation of on-site promotions and events which could not be held during 2021. Our focus was directed on reaching out to customers through the media, both the traditional platforms and increasingly via the social media. This shift in strategy worked well and footfall recovered significantly during 2021, as did tenant sales. All in all, despite the prevailing adversity, the Mall traded at a robust level of activity and the shops performed well.

During this second year of the pandemic, further initiatives were taken to support our tenants. The Board has always considered the agreements with the tenants as underpinned by long-term relationships and, in this spirit, the Company reached out to its tenants with continued support and easing of terms. That said, given the increased economic activities in the Mall, the Company managed to scale down the extent of support when compared to 2020 and consequently, the Company's revenues in 2021 increased by 23% to €6,695,355 (2020: €5,443,722).

As announced on 3 June 2021, the tenancy of a major store was terminated and concurrently concluded an agreement with a new tenant in their stead, practically ensuring full occupancy throughout the entire year under review. We look forward to the launch of this store in 2022.

The Company's senior management team has compiled financial projections for the year ending 31 December 2022. These comprise historical financial information up to the date of authorisation for issue of these financial statements and forecast financial information for the rest of 2022. These cash flow projections show that the Company is expected to continue having sufficient liquidity and financial resources to meet its obligations and expected cash outflows.

Based on the outcome of the cash flow projections as referred to above, the Directors and senior management consider the going concern assumption in the preparation of the Company's financial statements as appropriate as at the date of authorisation for issue of the 2021 financial statements. They also believe that no material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern exists as at that date.

As at 31 December 2021, the Company's current liabilities exceeded its current assets by €0.5 million (2020: €1.5 million). The Company has managed to address this position during the course of the year through a programme of active liquidity management.

DIRECTORS' REPORT - CONTINUED

REVIEW OF THE BUSINESS - CONTINUED

Vision

The Company's vision is to be the best shopping mall destination in Malta offering an optimal customers' experience to the visitors and sustainable returns to its shareholders. It therefore continues to embrace a business strategy based on providing a compelling retail destination, developing and maintaining strong relationships with tenants, housing an iconic mix of brands, delivering long-term, sustainable growth in net rental income and generating returns for shareholders.

Trading performance

During 2021, the Company's revenues amounted to €6.7 million, an increase of 23% over the previous year and operating profits increased to €4.2 million (2020: €2.9 million). Earnings before interest, tax and depreciation increased to €6.1 million (2020: €4.8 million). Finance costs decreased to €0.6million (2020: €0.7million); of which €0.1 million relates to the interest charged to profit or loss on the lease liability, which represents the present value of the remaining lease payments over the emphyteutical term, in line with the terms of IFRS 16. In line with previous years, the Company opted to be taxed at a final withholding tax rate of 15% on its rental income. It consequently incurred an effective tax expense of €1 million (2020: €0.8million), ending the year with profits after tax of €2.8 million.

During the year under review the Company generated €5.2 million by way of cash flow from operating activities. This was mainly directed towards the repayment of bank borrowings, payment of an interim dividend, ongoing capital expenditure and the servicing of working capital requirements.

The Financial Risk Management note in the Financial Statements (Note 2) explains the process of how the Board identifies and manages its financial risks. The main categories of risk described in this Note are market risk, credit risk and liquidity risk. The same note includes extensive detail of the processes undertaken by the Company to manage these risks.

The Statement of Compliance with the Principle of Good Corporate Governance and RemNom Committee Report in this Annual Financial Report, describes other non-financial key performance indicators relevant to the Company, including information relating to employee matters.

RESULTS AND DIVIDENDS

The financial results are set out on page 34. During the year a distribution of €378,929 was made to the shareholders (2020: Nil). Subsequent to the end of the reporting period, the Directors recommend the payment of a final net dividend of €750,000 in relation to the 2021 financial results.

DIRECTORS

The Directors of the Company who held office during the financial year ended 31 December 2021 were:

Joseph Zammit Tabona (Chairman)
David Demarco
Marzena Formosa
Caroline Buhagiar Klass
Joseph M. Zrinzo (resigned on 15th June 2021)
Albert Frendo (appointed on 15th June 2021)

In accordance with the Company's articles of association, the directors retire from office at the Annual General Meeting and are eligible for re-election or re-appointment.

DIRECTORS' REPORT - CONTINUED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). They 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.

The Directors are responsible for the maintenance and integrity of the Annual Financial Report on the website in view of their responsibility for the controls over, and the security of, the website. The financial statements of Tigné Mall p.l.c. for the year ended 31 December 2021 are included in the Annual Financial Report 2021, which is available for viewing or download on the Company's website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

The Directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union on the basis explained in note 1 to the financial statements; and

- the Annual Financial Report includes a fair review of the development of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company face.

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64

Structure of Capital

The Company has an authorised share capital of 60,000,000 ordinary shares of €0.50 each and issued and fully paid-up share capital of 56,400,000 ordinary shares with a nominal value of €0.50 each. The Ordinary Shares rank pari passu amongst each other for all purposes. Each Ordinary Share is entitled to one vote. There are currently no different classes of Ordinary Shares in the Company and accordingly all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise). All the shares are freely transferable and have been admitted to trading on the Malta Stock Exchange.

Appointment and removal of Directors

Article 95 of the Company's Memorandum and Articles of Association states that at each Annual General Meeting of the Company all the Directors shall retire from office. A Director retiring from office shall retain office until the dissolution of such Meeting and a retiring Director shall be eligible for re-election or re-appointment. The Directors shall be elected as provided in Article 99 of the Memorandum and Articles of Association that is a maximum of 5 Directors shall be elected at each Annual General Meeting (or at

DIRECTORS' REPORT - CONTINUED

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64 - CONTINUED

an Extraordinary General Meeting convened for the purpose of electing Directors). Voting shall take place on the basis that every Member shall have 1 vote in respect of each ordinary share held by him. A Member may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst any two or more candidates. The Chairman of the Meeting shall declare elected those candidates who obtain the greater number of votes on that basis. The Company's Articles of Association contain a provision whereby the Directors are entitled to appoint additional directors to the Board where this would be to the benefit of the Company in view of their commercial knowledge and experience.

Powers of Directors

The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may transact all business of whatever nature not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

General Meetings

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next. All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists as provided by the Companies Act. Any two Members of the Company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

A General Meeting of the Company shall be called by not less than 21 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of meeting, the proposed agenda for the Meeting and in case of special business, the general nature of the business to be considered as well as other information. A notice calling an Annual General Meeting shall specify the meeting as such and a notice convening a meeting to pass an Extraordinary Resolution as the case may be, shall specify the intention to propose the resolution as such and the principal purpose thereof. A notice of General Meeting called to consider extraordinary business shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such extraordinary business.

Any Member or Members holding not less than 5% in nominal value of all the shares entitled to vote at the meeting may:

a. request the Company to include items on the agenda of the General Meeting, provided that each item is accompanied by a justification or a draft resolution to be adopted at the Annual General Meeting; and

b. table draft resolutions for items included in the agenda of a General Meeting. The request to put items on the agenda of the General Meeting or the tabling of draft resolutions to be adopted at the General Meeting shall be submitted to the Company (in hard copy or in electronic form to an email address provided by the Company for the purpose) at least 46 days before the date set for the General Meeting to which it relates and shall be authenticated by the person or persons making it.

An "Ordinary Resolution" means a resolution taken at a General Meeting of the Company passed by a Member or Members having the right to attend and vote at such meeting holding in the aggregate more than 50% in nominal value of the shares represented and entitled to vote at the meeting. An "Extraordinary Resolution" means a resolution taken at a General Meeting of the Company of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose thereof has been duly given and passed by a number of Members having the right to attend and vote at such meeting holding in the aggregate not less than 75% in nominal value of the shares represented and entitled to vote at the meeting and at least 51% in nominal value of all the shares entitled to vote at the meeting.

DIRECTORS' REPORT - CONTINUED

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.64 - CONTINUED

Directors' interests in the Company's share capital

The Company's Directors do not have any direct or indirect interests in the share capital of the Company.

Registered Shareholders with 5% or more of the Company's share capital

	As at 31 December 2021		As at 14 April 2022	
	ORDINARY SHARES	% HOLDING	ORDINARY SHARES	% HOLDING
Mapfre MSV Life p.l.c.	20,000,000	35.46%	20,000,000	35.46%
Bank of Valletta p.l.c.	9,426,767	16.71%	9,426,767	16.71%
HSBC Bank Malta p.l.c. as Custodian for HSBC Life Assurance (Malta) Ltd.	7,227,000	12.81%	7,227,000	12.81%

Other matters

The Company has nothing to report in relation to the requirements of Capital Markets Rules 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 since they do not apply to the Company. Information relating to the requirements of Capital Markets Rule 5.64.11 is reflected in the RemNom Committee Report on page 29.

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 5.70.1

In terms of Capital Markets Rule 5.70.1, the Company did not enter into any new material contracts.

INFORMATION PURSUANT TO CAPITAL MARKETS RULE 6.39

Remuneration Report

The Remuneration and Nominations Committee of the Board of Directors of the Company will be submitting to the Shareholders at the next Annual General Meeting the Remuneration Report for the financial year ending 31 December 2021 (the 'Reporting Period'). The Report is drawn up in accordance with, and in fulfilment of the provisions of Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority ('Capital Markets Rules') relating to the Remuneration Report and Section 8A of the Code of Principles of Good Corporate Governance (Appendix 5.1 of the Capital Markets Rules) regarding the Remuneration Statement.

The Report provides a comprehensive overview of the nature and quantum of remuneration paid to the individual Directors and the Chief Executive Officer during the reporting period and details how this complies with the Company's Remuneration Policy. The Report is intended to provide increased corporate transparency, increased accountability and a better shareholder oversight over the remuneration paid to Directors and the Chief Executive Officer. The contents of this Remuneration Report have been reviewed by the Company's Auditors to ensure that the information required in terms of Appendix 12.1 of the Capital Markets Rules has been included.

GOING CONCERN

The Directors, as required by Capital Markets Rule 5.62 have considered the Company's operational performance, the statement of financial position as at year-end as well as the business plans for the coming year, and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REPORT - CONTINUED

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Signed on behalf of the Board of Directors on 14 April 2022 by Joseph Zammit Tabona (Chairman) and David Demarco (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Registered office:

The Point Shopping Mall
Management Suite
Tigné Point
Sliema TP01
Malta

14 April 2022

Corporate Governance – Statement of Compliance

A. INTRODUCTION

Tigné Mall p.l.c. (the "Company") is required to include a statement of compliance with the Code of Principles of Good Corporate Governance (the "Code") contained in Appendix 5.1 of the Capital Markets Rules issued by the Malta Financial Services Authority. This statement is made in terms of Capital Markets Rules 5.94 and 5.97.

The Board of Directors ("the Board") believes that the adoption of these principles is in the best interest of the Company, its shareholders and other stakeholders, since compliance with the Code is expected by investors on the Malta Stock Exchange and further evidences the Directors' and the Company's commitment to a high standard of corporate governance.

Good corporate governance is the responsibility of the Board, and in this regard, the Board has carried out a review of the Company's compliance with the Code. It has taken measures for the Company to comply with the requirements of the Code to the extent that this is considered appropriate and complementary to the size, nature and operations of the Company. Notwithstanding the fact that the Principles of Good Corporate Governance are not mandatory, the Board has endorsed them and ensured their adoption, save as indicated within the section entitled Non-Compliance with Code where the Board indicates and explains the instances where it has departed from or where it has not applied the Code.

B. COMPLIANCE WITH THE CODE

Principle 1: The Board

The Directors believe that for the period under review the Company has complied with the requirements of this principle.

The overall management and policy setting of the Company is vested in the Board consisting of a Chairman and four (4) Directors. The Board has provided the necessary leadership in the overall direction of the Company and at the same time has adopted systems whereby it obtains timely information from the Chief Executive Officer (the "CEO") to ensure an open dialogue between the CEO and Directors on an ongoing basis and not only at meetings of the Board.

All the Directors, individually and collectively, are of the appropriate calibre and have the necessary skills and experience to contribute effectively to the decision-making process. The Board delegates specific responsibilities to three committees, namely the Supervisory Committee, the Audit Committee and the RemNom Committee, each of which operates under formal terms of reference approved by the Board.

Principle 2: Chairman and Chief Executive

In line with the requirements of Principle 2, the Company has segregated the functions of the Chairman and the CEO. The Chairman is responsible to lead the Board and to set its agenda, ensuring that the Board's discussions on any issue put before it go into adequate depth, encouraging the involvement of all Directors, and ensuring that all the Board's decisions are supported by precise, timely and objective information. The Chairman, together with the Supervisory Committee, ensures that the CEO implements the strategy that is agreed to by the Board.

These positions have been defined with specific roles rendering them completely separate from one another and are occupied by Mr. Joseph Zammit Tabona and Mr. Edwin Borg respectively.

The Board has delegated specific authority to the CEO to manage activities within the Company which include, amongst others:

- Implementation of policies as set by the Board;
- Working towards objectives established by the Board;
- Putting into effect plans to organise, direct and manage the human resources available to attain the highest possible profitability and results in the interest of the Company's shareholders and all other stakeholders.

CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

Principle 2: Chairman and Chief Executive - continued

The role of the CEO is to plan, co-ordinate and control the daily operations of the Company through the leadership and direction of the Company's human resources. The CEO reports regularly to the Supervisory Committee and the Board on the performance and affairs of the Company.

Together with the Chairman of the Board, the CEO represents the Company with third parties.

Principle 3: Composition of the Board

The size of the Board, whilst not being large as to be unwieldy, is appropriate for the requirements of the Company's business and conducive to good corporate governance. The combined and varied knowledge, experience and skills of the Board members provides a robust framework for efficient decision-making, supports the effective control and management of the Company's affairs and contributes to the functioning of the Board and its direction to the Company. The Board is composed entirely of non-executive Directors, comprising independent non-executives, each of whom is able to add value and to bring independent judgement to bear on the decision-making process.

The CEO attends all Board meetings, albeit without a vote, providing direct input into the Board's deliberations and gaining in-depth understanding of the Board's policy and strategy in the process.

The following Directors served on the Board during the period under review:

Non-Executive Chairman

Mr. Joseph Zammit Tabona

Non-Executive Directors

David Demarco
Marzena Formosa
Caroline Buhagiar Klass
Joseph M. Zrinzo (resigned on 15th June 2021)
Albert Frendo (appointed on 15th June 2021)

Pursuant to generally accepted practice, as well as the Company's Articles of Association, the appointment of Directors to the Board is reserved to the Company's shareholders, except in so far as an appointment is made to fill a vacancy on the Board, or the Board is of the opinion that it would be of benefit to the Company if additional Directors are appointed in view of their commercial knowledge and experience. Unless appointed for a shorter period, a Director shall hold office from the end of one Annual General Meeting to the end of the next and a retiring Director shall be eligible for re-election or re-appointment.

Every shareholder owning twenty per cent (20%) of the ordinary share capital is entitled to appoint one director for each twenty per cent (20%) shareholding. Furthermore, any excess fractional shareholding not so utilised may participate in the voting for the election of other directors. Shareholders who own less than twenty per cent (20%) of the ordinary share capital participate in the election of the Directors on the basis that each shareholder shall have one vote in respect of each ordinary share held. The Chairman is elected by a simple majority from amongst the Directors of the Company.

CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

Principle 4: The Responsibilities of the Board

In fulfilling its mandate within the terms of the Company's Memorandum and Articles of Association, the Board of Directors assumes responsibility to:

a. establish corporate governance standards;
b. review, evaluate and approve the business plan and targets submitted by management and work with management towards their successful implementation;
c. identify the principal business risks for the Company and oversee the implementation and monitoring of appropriate risk management systems;
d. ensure that effective internal control systems are in place and review their effectiveness;
e. review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities, the performance of senior management and plans for senior management development including succession planning;
f. review, evaluate and approve compensation strategy for senior management;
g. review periodically the Company's objectives and policies relating to social, health and safety and environmental responsibilities; and
h. ensure that the Company has in place a policy that enables it to communicate effectively with shareholders, stakeholders and the public in general.

The Board supervises compliance with the Capital Markets Rules, including those pertaining to the preparation and publication of the Annual Financial Report and Financial Statements. It approves the Financial Statements for submission to the General Meeting of the shareholders and accordingly retains direct responsibility for approving and monitoring:

i. the Business Plan for the Company;
ii. the Annual Financial Plans including capital budgets;
iii. the Annual Financial Statements;
iv. proposals to increase the issued capital and to materially increase or decrease the Company's funding; and
v. other resolutions which the Board may determine to be subjected to its approval from time to time.

Any meeting that a Director wishes to initiate may be arranged through the Company Secretary. A Director of the Company has access to the advice from internal and external sources which are deemed necessary for carrying out the respective roles and responsibilities and the Company will bear the related expenses.

Principle 5: Board Meetings

The Board of Directors meets at least every quarter and on any other occasion as may be necessary. Further to attending formal Board meetings, individual Directors participate in other ad hoc meetings during the year as may be required. They are also active in Board sub-committees, either to assure good corporate governance or to contribute to the Company's decision-making process. Board meetings are presided over by the Chairman and all Directors are allowed equal opportunity to voice and express their views on matters relating to the Company and its business.

Nine meetings of the Board of Directors were held during 2021 and attendance was as follows:

BOARD MEMBER	ATTENDED
Joseph Zammit Tabona	8 (out of 9)
David Demarco	9 (out of 9)
Marzena Formosa	9 (out of 9)
Caroline Buhagiar Klass	7 (out of 9)
Joseph M. Zrinzo – (resigned on 15th June 2021)	4 (out of 4)
Albert Frendo – (appointed on 15th June 2021)	5 (out of 5)

CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

Principle 6: Information and Professional Development

The CEO is appointed by the Board and enjoys its full support and confidence. The recruitment and selection of senior management is the responsibility of the CEO in consultation with the Board. Likewise, the CEO consults with the Board on matters relating to succession planning for senior management within the Company. The Board considers and discusses succession planning measures at all senior management levels taking into account the size and depth of the management team of the Company, with reliance on a limited number of officers.

Newly appointed Directors are provided with briefings by the CEO, the Company Secretary and also by other members of management in respect to the operations of the Company. A comprehensive information pack is handed over to a new Director following his appointment and this usually incorporates the Memorandum and Articles of the Company, relevant legislation as well as rules and regulations. The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are adhered to. Additionally, Directors may seek independent professional advice on any matter at the Company's expense.

The Company ensures the personal development of Directors, management and employees by recommending attendance to seminars, conferences as well as training programmes that are designed to help improve the potential of its staff members whilst furthering the Company's competitiveness.

Principle 8: Committees

The Board has appointed the following Committees:

Audit Committee

For the year under review, the Audit Committee was composed of three non-executive Directors and had the following members:

David Demarco (Chairman of the Committee)
Caroline Buhagiar Klass
Joseph M. Zrinzo (resigned on 15th June 2021)
Albert Frendo (appointed on 15th June 2021)

In terms of Capital Markets Rule 5.118, Mr David Demarco is the Director whom the Board considers as competent in accounting and auditing. Mr David Demarco is an independent non-executive Director and is considered independent because he is free from any significant business, family or other relationship with the Company or its management that may create a conflict of interest such as to impair his judgement. Mr Demarco is also competent in accounting in terms of the Capital Markets Rules having previously occupied and currently occupying senior positions with banking and other financial institutions.

For the purpose of Code Provision 3.2, the Board considers each of the other non-executive Directors as independent within the meaning of the Code, notwithstanding their positions of senior executive officers within other entities that are shareholders of the Company.

The Audit Committee is a committee appointed by the Board and is directly responsible and accountable to the Board. The Audit Committee's primary purpose is to:

a. protect the interests of the Company's shareholders; and

b. assist the Directors in conducting their role effectively so that the Company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

Principle 8: Committees - continued

The Board has set formal terms of reference for the Audit Committee that establish its composition, role and function. The Board may change these terms of reference from time to time.

The main role and responsibilities of the Audit Committee are:

a. to inform the Board of Directors of the outcome of the statutory audit and to explain how the statutory audit contributed to the integrity of the Financial Statements and what the role of the audit committee was in this process;

b. to monitor the financial reporting process and to submit recommendations of proposals to ensure its integrity;

c. to establish internal procedures and to monitor these on a regular basis;

d. to monitor the effectiveness of the Company's internal quality control and risk management systems and, where applicable, its internal audit regarding the financial reporting without breaching its independence;

e. to monitor the audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority pursuant to Article 26 (6) of the Statutory Audit Regulation;

f. to review the additional report prepared by the statutory auditors or audit firm submitted to the Audit Committee in terms of Article 11 of the Statutory Audit Regulation. The Audit Committee may disclose the additional report to third parties in order to execute its functions in line with the terms of reference;

g. to review and monitor the independence of the statutory auditors or audit firms in accordance with Articles 22, 22a, 22b, 24a and 24b of the Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Council Directive 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC and Article 6 of the Statutory Audit Regulation and in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of the Statutory Audit regulation;

h. the responsibility for the procedure for the selection of statutory auditors or audit firms;

i. to recommend the statutory auditors or the audit firm to be appointed in accordance with Article 16 of the Statutory Audit Regulation;

j. to review the Company's internal financial control system and, unless addressed by a separate risk committee or the Board itself, risk management systems; and

k. reviewing the organisation of the internal audit function of the Company, including its plans, activities, staffing and organisational structure.

The role of the Audit Committee with respect to related party transactions.

The Audit Committee shall be responsible for vetting and approving related party transactions.

The Audit Committee shall ensure that any such transactions are entered into at arm's length and on a normal commercial basis and shall give due consideration to:

- the materiality of the transaction;
- whether the transaction is in the ordinary course of the Company's business;
- whether the transaction gives rise to preferential treatment to the Related Party.

CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

Principle 8: Committees - continued

Should the Audit Committee deem that the related party transaction will have a material effect on the Company's business, the Company shall make a Company announcement which shall contain:
- the nature and details of the transaction;
- the name of the Related Party concerned; and
- details of the nature and extent of the interest of the Related Party in the transaction.

Where the proposed related party transaction is not approved by the Audit Committee but the Company still wants to proceed with the transaction, the Company shall:
- make a Company Announcement with the details set out above;
- send a circular to its shareholders; and
- obtain the approval of its shareholders either prior to the transaction being entered into and where applicable ensure that the Related Party itself abstains from voting on the relevant resolution. During the general meeting convened for this purpose, the Board of directors of the Company shall disclose the fact that the audit committee did not approve the related party transaction.

The Audit Committee met four times. The CEO, the Financial Controller and the External Auditors were invited to attend relevant parts of such meetings. Attendance at the meetings was as follows:

BOARD MEMBER	ATTENDED
David Demarco	4 (out of 4)
Caroline Buhagiar Klass	3 (out of 4)
Joseph M. Zrinzo – (resigned on 15th June 2021)	1 (out of 1)
Albert Frendo – (appointed on 15th June 2021)	3 (out of 3)

Supervisory Committee

The Board delegates specified authority and accountability for the Company to the Supervisory Committee, which is composed of Ms. Marzena Formosa (Chairperson of the Committee), Mr. David Demarco and Mr. Edwin Borg. The Supervisory Committee supervises the management of the Company, to ensure the attainment of its strategy and objectives.

The Supervisory Committee typically meets every month and the terms of reference of the Committee envisage the execution of policy matters delegated by the Board to ensure the attainment of the Company's objectives.

RemNom Committee

A separate "RemNom Committee Report" features elsewhere in the Annual Financial Report in compliance with the relevant Code provisions of the Principles of Good Corporate Governance.

Principle 9 & 10: Relations with Shareholders and with the Market, and Institutional Investors

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood. In the Board's view, the Company communicates effectively with shareholders by issuing two bi-annual Shareholders' newsletters, publishing its results on a six-monthly basis during the year, by way of half yearly and annual financial reports and financial statements, through Interim Directors' Statements, through periodical Company Announcements and through press releases in the local media to the market in general. The financial results are available on the Company's website www.thepointmalta.com, in the Investors Relations Section. Within seven months of the end of the financial year, the annual general meeting of the Shareholders is convened to consider the annual financial statements,

CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

Principle 9 & 10: Relations with Shareholders and with the Market, and Institutional Investors - continued

the Directors' and Auditors' reports for the year, to decide on any dividends recommended by the Board, to elect Directors, appoint auditors and to set their respective remuneration. A presentation is given by the CEO of the Company showing how the Company operated in the light of prevailing economic and market conditions, and an assessment on future prospects is given. More information on Annual General Meetings is disclosed in the Directors' Report.

The Chairman arranges for all Directors to attend the Annual General Meeting. As outlined below, the Board has adopted rules whereby directors having conflicts of interest on any matters being discussed at Board level disclose the conflict in a timely manner to the Board and the Director so conflicted will not be allowed to vote on such matters.

Principle 11: Conflicts of Interest

The Directors are fully aware of their responsibility to act in the interest of the Company and its shareholders at all times and of their obligation to avoid conflicts of interest. Such conflicts of interest affecting Board members may, and do, arise on specific matters from time to time. In these instances, by virtue of the Memorandum and Articles of Association:

- a director is obliged to make full disclosure with respect to any matter where there is a potential or a real conflict of interest, whether such conflict arises from personal interests or the interests of the companies in which such person is a director or an officer;
- the said director is excused from the meeting and consequently not involved in the Board's discussion on the matter; and
- the said director does not vote on such matter.

The Memorandum and Articles of Association state that if any question arises at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, then such question shall be referred to the Audit Committee and their ruling shall be final and conclusive.

Potential conflicts of interest may principally arise in relation to the leasing out of retail space and the procurement of certain services.

In the event of a prospective lease the Chief Executive Officer negotiates with the prospective tenant to ensure that a superior standard and type of tenant is taken on at the best possible terms and conditions.

The Supervisory Committee is responsible for the supervision of such process. In particular, it is responsible for approving prospective tenants in principle, assisting and directing the CEO in negotiations with tenants. Accordingly, leases for retail space within 'The Point Shopping Mall' are approved by the Board on the advice of the Supervisory Committee.

All contracts for goods and services and any other purchases are based upon the principle of competitive bidding. The CEO negotiates with suppliers in order to ensure that the best quality goods and services are procured by the Company at the best possible price. The Supervisory Committee is responsible to supervise such procurement processes by assisting and directing the CEO in negotiations with contractors, suppliers and service providers.

The Company has also implemented a clear and detailed policy in respect of dealings of Directors in the Company's shares, which policy is based on timely and comprehensive disclosures and notices, where and if applicable in terms of the Capital Markets Rules.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interest of the Company.

CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

B. COMPLIANCE WITH THE CODE - CONTINUED

Principle 12: Corporate Social Responsibility

The Company recognises the importance of its role in the corporate social responsibility (CSR) arena and works to meet the expectations of the community in this respect. Amongst the initiatives taken during the year under review, the Company has endeavoured to meet its CSR obligations, in particular through:

- its support for fundraising events for charitable institutions;
- participation in recognised student-exchange programmes for the benefit of both local and foreign students;
- waste recycling initiatives; and
- energy conservation initiatives.

C. NON-COMPLIANCE WITH THE CODE

Principle 3: Composition of the Board

The Board is composed entirely of non-executive Directors, including independent non-executives. However, the Board holds the opinion that it is of an adequate size and that the balance of skills and experience is appropriate for the requirements of the Company. The attendance of the CEO at Board meetings is deemed a sufficiently effective measure to ensure a balance of executive and non-executive participation.

Principle 4: Succession policy for the future composition of the Board (Code Provision 4.2.7)

The Board notes that pursuant to the Company's Memorandum and Articles of Association, the appointment of Directors to serve on the Board of Directors is a matter which is entirely reserved to the shareholders of the Company. As indicated in the statement of compliance, all newly appointed Directors are given an adequate induction course in the operations, activities and procedures of the Company to be able to carry out the function of a Director in an effective manner. The Board also notes the emphasis in this Code provision on the executive component of the Board and points out that the Company's Board is composed entirely of non-executive members.

Principle 7: Evaluation of Board's Performance

During the current financial year, the Board initiated an evaluation of its own performance together with that of the Committees, the Chairman, the individual Directors and the CEO. Under the direction of the Chairperson of the RemNom Committee, the evaluation process for the Board is being conducted through a comprehensive board effectiveness questionnaire, the results of which will be discussed by the Chairperson of the RemNom Committee and the Chairman of the Audit Committee. The Board intends to finalise this evaluation and review in detail the outcome of such evaluation during 2022.

Principle 9: Relations with Shareholders and with the Market (Code Provision 9.3)

There are no procedures disclosed in the Company's Memorandum or Articles as recommended in Code Provision 9.3, to resolve conflicts between minority shareholders and controlling shareholders. No such conflicts have arisen during the year under review.

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Board is ultimately responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide a reasonable, as opposed to absolute, assurance against material misstatement or loss.

The Company operates through the Board of Directors and the Supervisory Committee with clear reporting lines and delegation of powers. The Board of Directors has adopted and implemented appropriate policies and procedures to manage risks and internal

CORPORATE GOVERNANCE - STATEMENT OF COMPLIANCE - CONTINUED

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS - CONTINUED

control. The Supervisory Committee plans, executes, controls and monitors business operations in order to achieve the set objectives.

The Directors, with the assistance of Management, are responsible for the identification, evaluation and management of the key risks to which the Company may be exposed. The Company has clear and consistent procedures in place for monitoring the system of internal financial controls. The Directors also receive periodic management information giving comprehensive analysis of financial and business performance including variances against the Company's set targets. This process is applicable specifically in relation to the Company's financial reporting framework.

The Audit Committee reviews and assesses the effectiveness of the internal control systems, including financial reporting, and determines whether significant internal control recommendations made by the Auditors have been implemented. The Committee plays an important role in initiating discussions with the Board with respect to risk assessment and risk management, reviews contingent liabilities and risks that may be material to the Company.

RemNom Committee Report

The Tigne Mall p.l.c. (the 'Company') Remuneration and Nominations Committee (the 'Committee') hereby submits its Remuneration Report ('Report') for the financial year ending 31 December 2021 to the Company's shareholders. The Report is drawn up in accordance with, and in fulfilment of the provisions of Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority ('Capital Markets Rules') relating to the Remuneration Report and Section 8A of the Code of Principles of Good Corporate Governance (Appendix 5.1 of the Capital Markets Rules) regarding the Remuneration Statement.

TERMS OF REFERENCE

The Committee, in its function as Remuneration Committee is tasked with the oversight of the Company's remuneration policy for its Directors and senior executives, being those persons reporting directly to the Board of Directors. The Committee is responsible for making proposals to the Board on the individual remuneration packages of its Directors and senior executives in line with the Company's Remuneration Policy. It also monitors remuneration levels and structures with a view to ensure their continued alignment with the Company's business strategies, values and long-term interests. In addition, the Committee evaluates, recommends and reports on proposals made by the Company's Chief Executive Officer relating to remuneration packages for senior executives. During the financial year under review, the Committee was charged with reviewing and updating the Company's remuneration policy to reflect the requirements set out in Chapter 12 of the Capital Markets Rules.

COMMITTEE MEMBERSHIP AND MEETINGS

The Committee is composed of three (3) non-executive Directors, Ms. Marzena Formosa (Chairperson until 15th June 2021 and then continued as committee member), Ms. Caroline Buhagiar Klass (appointed Chairperson from 15th June 2021) and Mr. Joseph M. Zrinzo (resigned on 15th June 2021). Mr Joseph M. Zrinzo was replaced by Mr. David Demarco, who was appointed on the same day.

The Committee held four meetings during the year under review, on 24th September 2021, 20th October 2021, 12th November 2021 and 24th November 2021, which were attended as follows:

MEMBER	ATTENDED
Ms. Marzena Formosa (Chairperson till 15th June 2021 and continued as member)	4 out of 4
Ms. Caroline Buhagiar Klass (appointed Chairperson on 15th June 2021)	4 out of 4
Mr. David Demarco (appointed on 15th June 2021)	4 out of 4

REMUNERATION POLICY

The Company's latest Remuneration Policy for its Directors and Chief Executive Officer (the 'Remuneration Policy') was approved by the shareholders at the Annual General Meeting held on 9th September 2020. The resolution relating to the Remuneration Policy was passed with 46,924,788 votes in favour with no votes against and no abstentions. As the resolution was approved by the required majority, the Remuneration Policy was implemented in 2020. The policy is applicable for a maximum period of four years.

The Company's Remuneration Policy is designed such that the Company can attract, motivate and retain the right individuals as would assist in the implementation of its business strategies for its long-term benefit and sustainability. In line with the Company's objectives of good governance, the Policy aims to deliver fair and transparent remuneration to those persons charged with its management and administration. The Policy is based on a number of core principles, namely the creation of long-term value for the Company's shareholders, the motivation and retention of the Company's management and the alignment of the interests of the Company's management with the interests of its shareholders. The Company's Remuneration Policy is in line with the policy for the remuneration paid to Directors and senior executives in the preceding financial period. The remuneration paid to the Directors and Chief Executive Officer during the year under review is in conformity with the Company's Remuneration Policy. During 2021 the Remuneration Policy was reviewed and minor cosmetic changes were made which do not deem to be material.

The Remuneration Policy may be accessed in full on the Company's website.

REMNOM COMMITTEE REPORT - CONTINUED

REMUNERATION POLICY - CONTINUED

No changes to the Remuneration Policy are being proposed for the approval of the shareholders at the Company's next Annual General Meeting.

The Company has complied with the procedure for the implementation of the Remuneration Policy as set out in Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority.

DIRECTORS' REMUNERATION

The Company's Board of Directors is composed entirely of non-executive Directors, including a non-executive Chairman. None of the directors have a service contract with the Company.

In terms of the Company's Articles of Association, the maximum annual aggregate emoluments payable to the Board of Directors in any one financial year shall be determined by the Shareholders in General Meeting.

In accordance with the Remuneration Policy, the Board, on the recommendation of the Committee, will then allocate from such amount, a fixed fee to each member in recognition of the individual's time commitment, contribution and ongoing responsibilities towards the Company. Remuneration payable to directors in their capacity as such, is not linked to the Company's share price or performance and is comparable to remuneration paid by companies of a similar size operating in a comparable business environment. None of the Directors are entitled to profit sharing, share options, pension benefits, termination payments or other similar remuneration.

The Company's approach to the payment of such remuneration is that of motivating and retaining high performing Directors by recognising and rewarding their contribution, which is critical to the implementation of the Company's long-term strategy.

For the year under review, it is noted that despite the General meeting having approved a threshold of €90,000 as aggregate emoluments for Directors, the aggregate amount of fees proposed by the Committee and approved by the Board to be paid as emoluments in accordance with the Remuneration Policy amounted to €65,305. This was deemed to be consistent with market practice and conducive to the achievement of the Company's strategic objectives. The Board of Directors has agreed to keep the current remuneration payable under review to ensure its consistency with comparable market trends and commensurate with the duties and responsibilities of the Directors.

Total emoluments received by Directors during the financial year 2021 for the purposes of Code Provision 8.A.5 are as follows:

- Fixed remuneration €65,305 (2020: €68,725)
- Variable remuneration None (2020: None)
- Share Options None (2020: None)
- Others None (2020: None)

In terms of the requirements within Appendix 12.1 of the Capital Markets Rules, the following table presents the annual change of remuneration of the directors and the Chief Executive Officer, of the Company's performance, and of average remuneration on a full-time equivalent basis of the Company's employees (other than directors and Chief Executive Officer) over the two most recent financial years.

REMNOM COMMITTEE REPORT - CONTINUED

REMUNERATION POLICY - CONTINUED

	AGGREGATE REMUNERATION AWARDED DURING 2021	PERCENTAGE ANNUAL CHANGE OF REMUNERATION (2020 - 2021)	PERCENTAGE ANNUAL CHANGE OF THE COMPANY'S PERFORMANCE (2020 - 2021)	PERCENTAGE ANNUAL CHANGE OF THE AVERAGE REMUNERATION OF THE COMPANY'S EMPLOYEES ON FULL-TIME EQUIVALENT BASIS (2020-2021)
	€	%	%	%
Edwin Borg	108,088	0.4%	68%*	3%

**The percentage annual change of the Company's performance included in the above table is based on the Company's profit before tax, as this has been deemed by management to be the most appropriate basis for measuring performance. The percentage annual change of the Company's performance appears to be elevated in view of the substantial impact of the pandemic on the Company's financial results for the year ended 31 December 2020, with subdued profits reported driven primarily by lease incentives granted to tenants.*

For the purposes of Appendix 12.1 of Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority, the following emoluments were paid to Directors during the financial year 2021:

BOARD MEMBER	POSITION	EMOLUMENTS RECEIVED	
		2021	2020
Joseph Zammit Tabona	Chairman	€14,266	€15,026
Marzena Formosa	Non-executive director	€13,538	€15,962
David Demarco	Non-executive director	€12,643	€14,032
Caroline Buhagiar Klass	Non-executive director	€12,643	€8,700
Alicia Agius Gatt (resigned 9th September 2020)	Non-executive director	-	€8,030
Muriel Rutland (resigned 1st April 2020)	Non-executive director	-	€2,900
Joseph M. Zrinzo (resigned 15th June 2021)	Non-executive director	€5,803	€3,625
Albert Frendo (appointed 15th June 2021)	Non-executive director	€6,412	-

Apart from a one-time adjustment in 2020, remuneration levels are in line with prior year and hence, the changes reflected above have not been included in the previous table, with the other changes being attributable to changes in the committees' composition.

No non-cash benefits were offered to Directors during the year under review. Other than as set out above, no compensation was paid to Joseph M. Zrinzo as compensation in connection with the cessation of his directorship.

CHIEF EXECUTIVE OFFICER'S REMUNERATION

The Company's day to day administration and operations are managed by the Chief Executive Officer ('CEO'). The Company's Remuneration Policy with respect to the CEO is designed to attract and motivate a qualified and experienced professional engaged by the Company to execute its business plans in a highly competitive market.

In accordance with the Remuneration Policy, the CEO's remuneration is made up of a fixed component and a variable element. The fixed component constitutes a basic remuneration awarded for the performance of the CEO's executive function, reflecting his experience and knowledge, together with the responsibilities and assigned functions of this role. This fixed component is not linked to variable parameters or to the results achieved by the Company. The fixed element is also benchmarked to market parameters taking into account remuneration for CEOs of entities with a similar size operating in a comparable sector.

REMNOM COMMITTEE REPORT - CONTINUED

CHIEF EXECUTIVE OFFICER'S REMUNERATION - CONTINUED

The variable element is structured as a performance bonus aimed at rewarding the CEO's performance with respect to the achievement of a set of financial and non-financial targets which contribute to the long-term interests and sustainability of the Company. These typically include EBIDTA-based targets, liquidity levels, project realization and similar criteria. These targets are established on an annual basis and may vary from year to year depending on the circumstances of the Company's operations at any given time. Achievement of financial objectives is measured by a comparison of the targets set and the outcomes realised. Assessment of non-financial objectives is made by the Committee through a subjective assessment of the CEO's performance exercised in a reasonable manner. The variable element is structured to provide an appropriate balance between the fixed and variable elements of the CEO's remuneration, such that the variable element represents a minor part of total remuneration as compared to the fixed element. The Company does not have an option to reclaim back variable remuneration paid to the CEO.

By way of non-cash benefits, the CEO is entitled to health insurance, professional indemnity insurance cover and a fully expensed Company car.

The CEO is entitled to the equivalent of a full year's pay, as severance payment, should within three years following a change in control of the Company, his employment be terminated for reasons other than for any of the specific causes set out in the contract of employment or by the executive himself in the cases set out in the contract. The CEO's contract of employment is indefinite.

Other than as stated above, the CEO is not entitled to profit sharing, share options, pension benefits or other similar remuneration.

The Company's approach with respect to the CEO's remuneration is that in line with the Remuneration Policy, it seeks to motivate and retain a qualified and experienced professional to execute the Company's short and longer term business plans in a competitive market and thereby grant such remuneration as is commensurate with the functions assigned and the responsibilities attached to the role. During September 2021, a benchmarking analysis was conducted by an external consultant to review the competitiveness of the CEO's salary.

For the purposes of Appendix 12.1 of Chapter 12 of the Capital Markets Rules, the total emoluments received by the CEO, for the financial year under review in accordance with the Company's Remuneration Policy consisted of a fixed remuneration of €95,138 (2020: €94,440) and a variable remuneration of €12,950 (2020: €13,165). It is noted that the award of variable remuneration was predominantly based on the achievement of financial and non-financial targets, including revenue and expenditure, footfall, retail experience and adherence to Company policies. Non-cash benefits for the year which amounted to €13,471.

SENIOR EXECUTIVES' REMUNERATION

For the purposes of this Remuneration Report, reference to Senior Executives shall mean the Chief Executive Officer and the Financial Controller.

The Committee is tasked with recommending to the Board of Directors the appropriate remuneration packages for Senior Executives. In doing so, the Committee is mindful of the need to attract, retain and motivate the right professionals. Base salaries are determined in accordance with the Company's salary structure for its senior management, paying due regard to market conditions and remuneration rates offered by comparable organisations for comparable roles. The Company's policy is such that none of the Company's senior management are entitled to any share options, profit sharing arrangements or pension benefits.

It is the Company's policy to engage its senior management on the basis of indefinite contracts of employment after a period of probation, rather than on fixed term contracts. Accordingly, the applicable notice periods, after probation, are those provided for in the relevant legislation. The terms and conditions of employment of senior management are specified in their respective indefinite contracts of employment.

The individual contracts of employment of Senior Executives, other than the CEO, do not contain provisions for termination payments and/or other payments linked to early termination other than as may be applicable in accordance with legal requirements.

REMNOM COMMITTEE REPORT - CONTINUED

SENIOR EXECUTIVES' REMUNERATION - CONTINUED

Senior Executives are entitled to health and life insurance, reimbursement of telephone expenses and use of a Company car.

Remuneration payable to senior management during the financial year ended 31 December 2021, which comprises mainly fixed remuneration as per contractual arrangements, is not being disclosed as the information is deemed to be of a commercially sensitive nature taking into account the fact that the senior management team is composed of two individuals.

This Directors' Remuneration Report, drawn up in accordance with the Capital Markets Rules, is being put forward for the advisory vote of the Annual General Meeting of the Company to be held in 2022.

The contents of this Remuneration Report have been reviewed by the external auditor to ensure that the information required in terms of Appendix 12.1 of the Capital Markets Rules has been included.

Statement of financial position

		As at 31 December	
	NOTES	**2021**	2020
		€	**€**
ASSETS			
Non-current assets			
Property, plant and equipment	4	**81,400,000**	74,774,774
Right-of-use assets	5	**3,940,872**	3,991,623
Total non-current assets		**85,340,872**	78,766,397
Current assets			
Trade and other receivables	6	**2,981,236**	2,212,427
Cash and cash equivalents	7	**2,826,649**	2,599,032
Total current assets		**5,807,885**	4,811,459
Total assets		**91,148,757**	83,577,856
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	8	**27,766,888**	27,766,888
Revaluation reserve	9	**19,275,233**	14,108,925
Retained earnings		**9,712,571**	7,096,745
Total equity		**56,754,692**	48,972,558
Non-current liabilities			
Trade and other payables	10	**695,642**	758,678
Borrowings	11	**10,011,094**	12,929,677
Lease liabilities	12	**4,167,270**	4,111,408
Deferred tax liabilities	13	**13,216,202**	10,475,506
Total non-current liabilities		**28,090,208**	28,275,269
Current liabilities			
Trade and other payables	10	**3,531,832**	3,542,212
Borrowings	11	**1,787,234**	2,004,817
Lease liabilities	12	**88,803**	88,803
Current tax liabilities		**895,988**	694,197
Total current liabilities		**6,303,857**	6,330,029
Total liabilities		**34,394,065**	34,605,298
Total equity and liabilities		**91,148,757**	83,577,856

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 14 April 2022. The financial statements were signed on behalf of the Board of Directors by Joseph Zammit Tabona (Chairman) and David Demarco (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Income statement

		Year ended 31 December	
	NOTES	**2021**	2020
		€	€
Revenue	14	**6,695,355**	5,443,722
Cost of sales	15	**(2,125,216)**	(2,087,875)
Gross profit		**4,570,139**	3,355,847
Administrative and other expenses	15	**(470,482)**	(452,382)
Other operating income	17	**122,000**	-
Operating profit		**4,221,657**	2,903,465
Finance income	18	**572**	3,164
Finance costs	19	**(586,570)**	(748,485)
Profit before tax		**3,635,659**	2,158,144
Tax expense	20	**(821,470)**	(834,064)
Profit for the year		**2,814,189**	1,324,080
Earnings per share (euro cents)	22	**4.99**	2.35

Statement of Comprehensive Income

		Year ended 31 December	
	NOTES	**2021**	2020
		€	€
Profit for the year		**2,814,189**	1,324,080
Other comprehensive income: Revaluation surplus on land and buildings arising during the year, net of deferred tax	9	**5,346,874**	-
Other comprehensive income for the year, net of tax		**5,346,874**	-
Total comprehensive income for the year, net of tax		**8,161,063**	1,324,080

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

	NOTE	SHARE CAPITAL	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
		€	€	€	€
Balance at 1 January 2020		27,766,888	14,289,491	5,592,099	47,648,478
Comprehensive income					
Profit for the year		-	-	1,324,080	1,324,080
Total comprehensive income		-	-	**1,324,080**	**1,324,080**
Other movements					
Reclassification from revaluation reserve to retained earnings	9	-	(180,566)	180,566	-
		-	(180,566)	180,566	-
Balance as at 31 December 2020		**27,766,888**	**14,108,925**	**7,096,745**	**48,972,558**
Balance at 1 January 2021		27,766,888	14,108,925	7,096,745	48,972,558
Comprehensive income					
Profit for the year	-	-	-	2,814,189	2,814,189
Other comprehensive income					
Revaluation surplus on land and buildings arising during the year, net of deferred tax	9	-	5,346,874	-	5,346,874
Total other comprehensive income		-	**5,346,874**	-	**5,346,874**
Total comprehensive income		-	**5,346,874**	**2,814,189**	**8,161,063**
Transactions with owners					
Dividends paid to shareholders	26	-	-	(378,929)	(378,929)
Total transactions with owners		-	-	**(378,929)**	**(378,929)**
Other movements					
Reclassification from revaluation reserve to retained earnings	9	-	(180,566)	180,566	-
		-	**(180,566)**	**180,566**	-
Balance as at 31 December 2021		**27,766,888**	**19,275,233**	**9,712,571**	**56,754,692**

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

		Year ended 31 December	
	NOTES	**2021**	2020
		€	**€**
Cash flows from operating activities			
Cash generated from operations	23	**5,248,545**	4,994,211
Interest paid		**(441,905)**	(605,322)
Interest received		**572**	3,164
Tax paid		**(758,069)**	(1,051,470)
Net cash generated from operations		**4,049,143**	3,340,583
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(217,628)**	(309,404)
Net cash used in investing activities		**(217,628)**	(309,404)
Cash flows from financing activities			
Dividends paid	26	**(378,929)**	-
Proceeds from bank borrowings	11	**175,500**	824,500
Repayment of bank borrowings	11	**(3,311,666)**	(2,895,134)
Principal element of lease payments	12	**(88,803)**	(88,803)
Net cash used in financing activities		**(3,603,898)**	(2,159,437)
Net movement in cash and cash equivalents		**227,617**	871,742
Cash and cash equivalents at beginning of year		**2,599,032**	1,727,290
Cash and cash equivalents at end of year	7	**2,826,649**	2,599,032

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 BASIS OF PREPARATION

Tigné Mall p.l.c. is a public limited liability Company with its principal activity being to own and manage 'The Point Shopping Mall'.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings class of property, plant and equipment.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

Appropriateness of the application of the going concern assumption in the preparation of the financial statements

As at 31 December 2021, the Company's current liabilities exceeded its current assets by €0.5 million (2020: €1.5 million). The Company has continued to manage this position during the course of the current financial year through a programme of active liquidity management.

On 11 March 2021, the Company announced that in view of the new directives issued by the National Health Authorities for non-essential retail operations in respect of the COVID-19 pandemic, The Point Shopping Mall was closed for business and its operations were suspended with effect from that date. The operations of 'The Point Shopping Mall' resumed on 25 April 2021 when the above directives were lifted.

The Company's senior management team has compiled financial projections for the year ending 31 December 2022 following an assessment of any estimated potential direct and indirect impacts of the COVID-19 pandemic and the conflict in Ukraine which commenced after the end of the reporting period, which factors were deemed to have insignificant effects. The projections comprise historical financial information up to the date of authorisation for issue of these financial statements and forecast financial information for the residual period. Based on the outcome of the cash flow projections as referred to above, the Directors and senior management consider the going concern assumption in the preparation of the Company's financial statements as appropriate as at the date of authorisation for issue of the 2021 financial statements. They also believe that no material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern exists as at that date.

Standards, interpretations and amendments to published standards effective in 2021

In 2021, the Company adopted amendments to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies impacting the Company's financial performance and position.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, 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 2021. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1.2 FOREIGN CURRENCY TRANSLATION

a. Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the Company's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.3 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at historical cost. Land and buildings, comprising mainly 'The Point Shopping Mall', are shown at fair value less subsequent depreciation. The fair value of 'The Point Shopping Mall' is based on the discounted cash flow valuation model. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land and buildings are depreciated over the remaining term of the emphyteusis. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Land and buildings	1
Electrical and plumbing installation	3 - 8
Plant, machinery and operational equipment	3 - 15
Fixtures and fittings	10 - 20
Office and computer equipment	20 - 33.33

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1.3 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.4). Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with carrying amount and are recognised in profit or loss. When the revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.4 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.5 FINANCIAL ASSETS

1.5.1 Classification

The Company classifies its financial assets as measured at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Company's financial assets comprise of trade and other receivables and cash and cash equivalents in the statement of financial position (Note 1.6 and 1.7 respectively). These financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ('Hold to Collect') and the contractual terms of the financial assets give rise to cash flows that are SPPI, and accordingly subsequent to initial recognition are measures at amortised cost. These assets are included in current assets, except for maturities greater than twelve months after the end of the reporting period which are classified as non-current assets.

1.5.2 Recognition and measurement

The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership or has not retained control of the asset.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition, financial assets are measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ('Hold to Collect') and the contractual terms of the financial asset give rise to cash flows that are SPPI. The amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and adjusted for any credit loss allowance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1.5 FINANCIAL ASSETS - CONTINUED

1.5.3 Impairment

The Company has two types of financial assets that are subject to the expected credit loss model:

- trade receivables in respect of lease income; and
- cash and cash equivalents.

IFRS 9 requires the measurement of credit loss allowances on financial instruments using the expected credit loss ("ECL") impairment model utilising a forward-looking approach that emphasises shifts in the credit risk attached to a financial instrument, and consequently the probability of future credit losses, even if no loss events have yet occurred. IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The key driver of the measurement of ECLs therefore relates to the level of credit risk for each exposure and, as a result, an assessment of the change in credit risk over the expected life of an asset is a core element in determining the staging criteria under IFRS 9. The three stages under IFRS 9 are as follows:

Stage 1 - Financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition, or that have "low credit risk" at the reporting date are classified in Stage 1. 12-month ECLs are recorded to measure the expected losses that result from default events that are possible within 12 months after the reporting date;

Stage 2 - Financial instruments that have experienced a SICR since initial recognition are classified in Stage 2. Lifetime ECLs are recorded to measure the expected losses that result from all possible default events over the expected life of the financial instrument; and

Stage 3 - Financial instruments that demonstrate objective evidence of impairment, and which are considered to be in default or credit-impaired, are classified in Stage 3, also requiring the measurement of lifetime ECLs.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles and historical credit losses of the Company.

The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

1.6 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value.

The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1.6 TRADE AND OTHER RECEIVABLES - CONTINUED

Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 1.5.3.

1.7 CASH AND CASH EQUIVALENTS

In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

1.8 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.9 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.10 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

1.11 DEFERRED GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants related to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants related to assets, i.e. in respect of the purchase of property, plant and equipment, are included in liabilities as deferred government grants, and are credited to profit or loss on a straight line basis over the expected lives of the related assets, presented within 'Other operating income'.

Grants related to income are presented as a deduction in reporting the related expense.

1.12 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1.12 CURRENT AND DEFERRED TAX - CONTINUED

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when 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 where there is an intention to settle the balances on a net basis.

1.13 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of sales taxes, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met as set out below.

Revenue from services is generally recognised in the period during which the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

1.14 LEASES

1.14.1 Company is the lessee

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. 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 a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company using residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lessees, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1.14 LEASES - CONTINUED

1.14.1 Company is the lessee - continued

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are initially measured at 'cost' which, where applicable, comprises the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets linked to owner occupied property are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1.14.2 Company is the lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

1.15 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. FINANCIAL RISK MANAGEMENT

2.1 FINANCIAL RISK FACTORS

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company's board of Directors provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

The COVID-19 pandemic had a considerable impact on the Company's operations and business. The closure of The Point Shopping Mall for a period of time during both the current and preceding financial year and the subdued economic conditions experienced by the tenants, led management to take a number of actions which included rent relief granted to tenants and a focused credit management policy.

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.1 FINANCIAL RISK FACTORS - CONTINUED

a. Market risk

i. Foreign exchange risk

The Company's revenues and operating expenditure together with its financial assets and liabilities, including financing, are predominantly denominated in euro. Accordingly, the Company is not significantly exposed to foreign exchange risk. A sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

ii. Cash flow and fair value interest rate risk

The Company's significant instruments which are subject to fixed interest rates comprise the principal bank borrowings and deposits effected under operating lease arrangements. In this respect, the Company is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost and therefore any changes in interest rates will not have an effect on profit or loss and equity. The Company's cash flow interest rate risk principally arises from specific bank borrowings issued at variable rates (Note 11). Management monitors the impact of changes in market interest rates on amounts reported in the profit or loss in respect of these latter instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Company's operating cash flows are substantially independent of changes in market interest rates and accordingly the level of interest rate risk is contained.

b. Credit risk

Credit risk arises from cash and cash equivalents (Note 7) and trade receivables (Note 6), which constitute the Company's financial assets that are subject to the expected credit loss model. The Company's exposures to credit risk are analysed in the respective notes to the financial statements. The maximum exposure to credit risk at the end of the reporting period in respect of these financial assets is equivalent to their carrying amount. Except for the security deposits effected by tenants, the Company does not hold any collateral as security in this respect.

The Company banks only with local financial institutions with high quality standard or rating. The Company invoices its customers quarterly in advance and assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. The Company monitors the performance of its receivables on a regular basis to identify expected and incurred collection losses, which are inherent in the Company's receivables, taking into account historical experience in collection of accounts receivable. Management does not expect any material losses from non-performance by its debtors except as outlined below.

The expected credit loss rates are based on the payment profiles of sales over the historical period available to the Company. Management also considers any adjustment to the historical loss rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On 11 March 2021, the Company announced that in the light of the COVID-19 pandemic, The Point Shopping Mall was closed for business with effect from that date in line with the directions given by the National Health Authorities and its operations were principally suspended. This situation gave rise to a heightened level of business disruption which had an impact on the operations of the tenants. Following subsequent direction given by the same National Health Authorities 'The Point Shopping Mall' re-opened for business on 26 April 2021. With a view to alleviating the business disruption experienced by the tenants, the Company decided that, without modifying the lease agreements in place, it accords rent relief to tenants within structured programmes. To this effect, the Company established eligibility criteria for rent relief and granted abatement selectively to qualifying tenants to the extent of €0.9m (2020: €1.6m).

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.1 FINANCIAL RISK FACTORS - CONTINUED

As of 31 December 2021, the amount of billed rental and service charges due from tenants in respect of the previous twelve months was insignificant and accordingly no trade receivables were deemed to be long outstanding or credit impaired. The balance due as at the end of year principally represented billing in advance in respect of 2022 which was recovered by the time of issuance of these financial statements. Accordingly, the credit loss allowances in respect of trade receivables are insignificant.

As at the end of the reporting period, the Company had past due, but not credit impaired, receivables amounting to €105,293 (2020: €91,859). The Company manages credit exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The Company's trade receivables, which are not credit impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any material losses from non-performance by these customers.

As outlined previously, the Company holds security deposits (Note 10) effected under operating lease arrangements by a number of tenants, which contain the potential expected credit losses on billing in advance.

In view of the nature of the Company's activities, which constitutes the operation of a shopping mall, a limited number of customers constitute a major portion of the entity's trade receivables (refer to Note 14). However, this does not give rise to heightened concentration risk in management's view.

The Company's receivables include amounts owed by related parties. Management monitors related party credit exposures at individual entity level and ensures timely performance in the context of overall liquidity management. The Company takes cognisance of the related party relationship with these debtors and management does not expect any losses from non-performance or default.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss was insignificant.

c. Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise interest-bearing borrowings (Note 11), lease liabilities (Note 12) and trade and other payables (Note 10). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows from operation of 'The Point Shopping Mall'. This includes reviewing the matching or otherwise of expected cash inflows and outflows arising from expected maturities of financial instruments. On the basis of the forecasts, management ensures that no additional financing facilities are expected to be required. As at 31 December 2020 and 2021, the Company had an unutilised banking facility for the amount of €500,000.

As at 31 December 2021, the Company's current liabilities exceeded its current assets by €0.5 million (2020: €1.5 million). The Company has continued to manage this position during the course of the current financial year through a programme of active liquidity management. The directors had anticipated that this working capital shortfall position would continue to be managed in the immediate future, on the basis of projections which had been prepared by management evidencing the profitable rental income streams which were expected to flow to the Company in business as usual circumstances.

The Company's senior management team compiled detailed financial projections for the year ending 31 December 2022. These comprise historical financial information up to the date of authorisation for issue of these financial statements and forecast financial information for the residual period.

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.1 FINANCIAL RISK FACTORS - CONTINUED

Based on the outcome of these cash flow projections the Directors and senior management also consider the going concern assumption in the preparation of the Company's financial statements as appropriate as at the date of authorisation for issue of the 2021 financial statements. They also believe that no material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern exists as at that date.

The Company's trade and other payables with the exception of specific liabilities (refer to Note 10) are entirely repayable within one year from the end of the reporting period. The following table analyses the Company's borrowings, lease liabilities and deposits arising under operating leases classified as other payables into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	CARRYING AMOUNT	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS
	€	€	€	€	€	€
31 December 2021						
Borrowings	11,798,238	2,198,490	2,129,886	6,071,047	2,798,278	13,197,701
Lease liabilities	4,256,073	235,424	237,453	852,999	20,481,398	21,807,274
Other payables	695,642	8,884	109,773	439,092	200,644	758,393
	16,749,953	**2,442,798**	**2,477,112**	**7,363,138**	**23,480,320**	**35,763,368**

	CARRYING AMOUNT	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS
	€	€	€	€	€	€
31 December 2020						
Borrowings	14,934,494	2,428,315	2,608,494	6,963,727	4,757,653	16,758,189
Lease liabilities	4,200,211	233,469	235,424	784,009	19,608,748	20,861,650
Other payables	758,678	23,046	8,884	439,092	310,417	781,439
	19,893,383	**2,684,830**	**2,852,802**	**8,186,828**	**24,676,818**	**38,401,278**

2.2 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Company's equity, as disclosed in the statement of financial position, constitutes its capital. The Company maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. The adequacy of the Company's capital level as at the end of the reporting period is reviewed in the context of the nature of the Company's activities and the extent of borrowings or debt. The aggregate of the Company's bank borrowings, net of cash and cash equivalents, and lease liabilities represents 20.8% of the Company's equity as at 31 December 2021 (2020: 30.5%).

2.3 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company is required to disclose fair value measurements and disclosures by level of a fair value measurement hierarchy for financial instruments (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair values using:

2. FINANCIAL RISK MANAGEMENT - CONTINUED

2.3 FAIR VALUES OF FINANCIAL INSTRUMENTS - CONTINUED

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

At 31 December 2021 and 2020 the carrying amounts of financial instruments, comprising cash at bank, receivables, payables, accrued expenses, short-term borrowings and other short-term liabilities, is equivalent to their fair values in view of the nature of the instruments or their short-term maturity. The fair value of the non-current financial liabilities comprising borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The estimated fair value of the Company's bank borrowings (Note 11) as at the end of the reporting period is not materially different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

As referred to in Note 4 to the financial statements, the Company's land and buildings category of property, plant and equipment is fair valued on the basis of professional advice, which considers the cash flows emanating from the operation of the property and other key inputs, namely the discount and growth rates.

4. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	PLANT AND OTHER INTEGRAL ASSETS	OFFICE EQUIPMENT, FURNITURE AND FITTINGS	TOTAL
	€	€	€	€
At 1 January 2020				
Cost or valuation	67,456,666	16,529,991	1,763,786	85,750,443
Accumulated depreciation	(1,914,347)	(6,776,407)	(797,062)	(9,487,816)
Net book amount	**65,542,319**	**9,753,584**	**966,724**	**76,262,627**
Year ended 31 December 2020				
Opening net book amount	65,542,319	9,753,584	966,724	76,262,627
Additions	-	125,714	183,690	309,404
Depreciation charge	(1,010,585)	(694,863)	(91,809)	(1,797,257)
Closing net book amount	**64,531,734**	**9,184,435**	**1,058,605**	**74,774,774**
At 31 December 2020				
Cost or valuation	67,456,666	16,655,705	1,947,476	86,059,847
Accumulated depreciation	(2,924,932)	(7,471,270)	(888,871)	(11,285,073)
Net book amount	**64,531,734**	**9,184,435**	**1,058,605**	**74,774,774**
Year ended 31 December 2021				
Opening net book amount	64,531,734	9,184,435	1,058,605	74,774,774
Additions	57,924	78,629	81,075	217,628
Revaluation surplus arising during the year (note 9)				
- impacts on cost or valuation	4,324,332	-	-	4,324,332
- impacts on accumulated depreciation	3,901,628	-	-	3,901,628
Depreciation charge	(976,696)	(725,753)	(115,913)	(1,818,362)
Closing net book amount	**71,838,922**	**8,537,311**	**1,023,767**	**81,400,000**
At 31 December 2021				
Cost or valuation	71,838,922	16,734,334	2,028,551	90,601,807
Accumulated depreciation	-	(8,197,023)	(1,004,784)	(9,201,807)
Net book amount	**71,838,922**	**8,537,311**	**1,023,767**	**81,400,000**

The Company operates The Point Shopping Mall, a fully serviced shopping mall, which activity extends beyond the mere leasing out of retail space. The extent of the services provided is deemed to be significant to the arrangement with the tenants as a whole. Accordingly, the shopping mall is treated as property, plant and equipment under the requirements of IAS 16 rather than investment property under IAS 40.

MIDI p.l.c. had granted the Property to the Company by title of temporary sub-emphyteusis in October 2010, commencing from the date of the grant, for the remaining period out of the original period of 99 years which commenced from 15 June 2000. The annual sub-ground rent consists of a proportionate part of the original annual ground rent together with an increase of ground rent payable to MIDI p.l.c. The increase of ground rent payable to MIDI p.l.c. is a nominal amount. The proportionate part pertaining to the Property out of the original annual ground rent imposed on all of the land granted by the Emphyteutical Deed is currently €76,000. This original ground rent will increase in accordance with the terms of the Emphyteutical Deed on 1 April 2025 and on 1 April 2050. As security for the payment of the sub-ground rent and its proportionate share of the original ground rent, the

4. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Company granted to MIDI p.l.c. a general hypothec on all its property present and future in general and a special privilege on the Property.

Bank borrowings are secured on the Company's property, plant and equipment (Note 11).

Fair value of land and buildings

The Company's property (land and buildings comprising The Point Shopping Mall) was revalued by independent, professionally qualified valuers on 31 December 2021. This valuation has been carried out by Archi+ (a firm of architects). The Directors have reviewed the carrying amount of the property as at 31 December 2021 and an adjustment was deemed necessary as at that date to reflect the increase in the valuation of the Property (see further details in the Note below under Valuation processes).

The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- 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 recurring property fair value measurement, in relation to The Point Shopping Mall, uses significant unobservable inputs and is accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the years ended 31 December 2021 and 2020.

A reconciliation of the opening balance to the closing balance of non-financial assets for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, is reflected in the table above. The only movements reflect additions, revaluation and depreciation charges for the years ended 31 December 2021 and 2020.

Valuation processes

The valuation of the property is performed regularly by external independent, qualified valuers on the basis of a model using discounted cash flows. The valuation model, the underlying inputs and the assumptions are reviewed by the CEO and the Financial Controller. When the CEO (Chief Executive Officer) and the Financial Controller consider that the valuation model, inputs to the model and valuation assumptions are appropriate, the valuation is recommended to the audit committee. The audit committee considers the valuation as part of its overall responsibilities.

At the end of every reporting period, the CEO (Chief Executive Officer) and the Financial Controller assess whether any significant changes in actual circumstances, projected and registered income streams, financial results and other factors have been experienced since the last external valuation. The CEO and the Financial Controller report to the audit committee on the outcome of this assessment.

As highlighted previously, the Company's property (land and buildings comprising The Point Shopping Mall) was revalued on 31 December 2021 by independent, professionally qualified valuers. The valuation of the Point Shopping Mall was updated to reflect the actual and projected earnings emanating from the operation of The Point Shopping Mall, by reassessing future cash flows in order to reflect the current operating results and future projections, taking account of the current tenant rental schedules. Discount rate assumptions have also been updated, primarily to reflect movements in current market conditions and yields. Following this revaluation, The Point Shopping Mall, which is accounted for as property, plant and equipment in the statement of financial position, is carried at €81.4 million (2020: 74.8 million) at 31 December 2021.

4. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

The book value of the property has been adjusted to the revalued amount and the resultant revaluation surplus, net of applicable deferred taxes, has been credited to the revaluation reserve in shareholders' equity. The resulting revaluation surplus amounted to €5.3 million, net of applicable deferred taxes.

Valuation techniques

The Level 3 fair valuation of The Point Shopping Mall was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs. These inputs include:

Free cash flows after tax	based on contracted and projected rental income streams covering the remaining term of the sub-emphyteusis less operating expenditure necessary to manage the shopping mall, comprising mainly marketing, maintenance and similar expenses but prior to depreciation and financing charges;
Growth rate	based on management's estimated average growth of the Company's earnings levels over the remaining term of the sub-emphyteusis, mainly determined by contractual and projected growth in rental income streams;
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available to a REO for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

Information about fair value measurements using significant unobservable inputs (level 3)

The significant unobservable inputs applied in the property valuation are the following:

- Projected future free cash flows after tax which average out at €5 million per annum;
- Growth rate at an approximate average of 2.5% reflecting principally the estimated projected growth of the Company's rental income streams;
- A discount rate of 9.2% applied in estimating the net present value of the projected future free cash flows.

An increase in the projected levels of free cash flows after tax and in the growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value.

Historical cost of land and buildings

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2021	2020
	€	€
Cost	**48,132,568**	48,074,644
Accumulated depreciation	**(8,512,315)**	(7,592,881)
Net book amount	**39,620,253**	40,481,763

5. RIGHT-OF-USE ASSETS

As explained in Note 4, MIDI p.l.c. had granted the Property to the Company by title of temporary sub-emphyteusis. The annual sub-ground rent consists of a proportionate part of the original annual ground rent, which has been determined to fall within the scope of IFRS 16. Ground rent is also payable on the same basis on the car parking spaces acquired by the Company during 2018.

	PROPERTY
	€
At 1 January 2020	
Cost	4,093,264
Accumulated depreciation	(50,751)
Net book amount	**4,042,513**
Year ended 31 December 2020	
Opening net book amount	4,042,513
Depreciation charge	(50,890)
Closing net book amount	**3,991,623**
At 31 December 2020	
Cost	4,093,264
Accumulated depreciation	(101,641)
Net book amount	**3,991,623**
Year ended 31 December 2021	
Opening net book amount	3,991,623
Depreciation charge	(50,751)
Closing net book amount	**3,940,872**
At 31 December 2021	
Cost	4,093,264
Accumulated depreciation	(152,392)
Net book amount	**3,940,872**

There were no additions to right-of-use assets during the 2021 financial year.

Extension and termination options

Extension and termination options are included in the temporary emphyteusis agreement with the Government of Malta, relating to The Point Shopping Mall. The extension and termination options held are exercisable only by the respective lessor and not by the Company.

6. TRADE AND OTHER RECEIVABLES

	2021	2020
	€	€
Current		
Trade receivables - net of credit loss provisions	**105,293**	91,859
Trade receivables in respect of billing in advance	**2,025,462**	1,782,891
Other assets, prepayments and accrued income	**850,481**	337,677
	2,981,236	2,212,427

7. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2021	2020
	€	**€**
Cash at bank and in hand	**2,826,649**	2,599,032

8. SHARE CAPITAL

	2021	2020
	€	**€**
Authorised		
60,000,000 ordinary shares of €0.50 each	**30,000,000**	30,000,000
Issued		
56,400,000 ordinary shares of €0.50 each, fully paid up (net of share issue costs)	**27,766,888**	27,766,888

The amount presented in the statement of financial position in relation to issued share capital is net of share issue expenses amounting to €433,112.

In accordance with the Company's Memorandum and Articles of Association, each ordinary share gives the right to one vote, participates equally in profits distributed by the Company and carries equal rights.

9. REVALUATION RESERVE

	2021	2020
	€	**€**
Revaluation of land and buildings		
At beginning of year	**14,108,925**	14,289,491
Revaluation surplus arising during the year	**8,225,960**	-
Deferred income taxes on revaluation surplus arising during the year	**(2,879,086)**	-
Transfer to retained earnings	**(180,566)**	(180,566)
At end of year	**19,275,233**	14,108,925

The tax impact relating to components of other comprehensive income recognised during the current financial year is presented in the table above. The revaluation reserve is non-distributable.

10. TRADE AND OTHER PAYABLES

	2021	2020
	€	€
Current		
Trade payables	**270,125**	272,760
Payables in respect of capital expenditure	**-**	9,837
Other payables	**318,695**	310,526
Indirect taxation	**619,976**	596,574
Deferred income in respect of billing in advance	**1,912,710**	1,980,085
Accruals and other deferred income	**410,326**	372,430
	3,531,832	3,542,212
Non-current		
Other payables	**695,642**	758,678

Non-current other payables represent deposits effected under operating lease arrangements by a number of tenants at 'The Point Shopping Mall'. These amounts are refundable at the end of the lease term and are subject to interest not exceeding 3% per annum.

11. BORROWINGS

	2021	2020
	€	€
Year ended 31 December		
At beginning of year	**14,934,494**	17,005,128
Additions	**175,500**	824,500
Repayments of bank loans	**(3,311,666)**	(2,895,134)
At end of year	**11,798,328**	14,934,494

	2021	2020
	€	€
Current		
Bank loans	**1,787,234**	2,004,817
Non-current		
Bank loans	**10,011,094**	12,929,677
Total borrowings	**11,798,328**	14,934,494

Bank borrowings are secured by a general hypothec on the Company's assets and by a special hypothec over the title of temporary emphyteusis granted by the Government of Malta, expiring in 2099. This temporary emphyteusis commenced on 15 June 2000 over the parcel of land at Tigné Point developed into the shopping mall (T2). Moreover, the bank borrowings are secured by a pledge on the comprehensive insurance policy covering The Point shopping mall, which secures the loans to the extent of those risks covered in the policy.

The additional borrowings taken out by the Company during 2020 represent a new banking facility amounting to €1,000,000 granted under the Malta Development Bank COVID-19 Guarantee Scheme for the purposes of covering the shortfall in operating

11. BORROWINGS - CONTINUED

cash flow arising from the COVID-19 outbreak, repayable within four years. As at 31 December 2021, the loan has been fully utilised. This facility is secured by a guarantee issued by the Government of Malta to the Malta Development Bank.

The weighted effective interest rates as at the end of the reporting period are as follows:

	2021	2020
Bank loans	**3.0%**	3.5%

	2021	2020
	€	€
Maturity of bank borrowings:		
Within one year	**1,787,234**	2,004,817
Between one and two years	**1,794,600**	2,197,238
Between two and five years	**5,433,684**	6,172,465
Over five years	**2,782,810**	4,559,974
	11,798,328	14,934,494

At 31 December 2020 and 2021, the Company also had an unutilised overdraft facility amounting to €500,000.

12. LEASE LIABILITIES

The lease liabilities associated with the recognised right-of-use assets are analysed below:

	2021	2020
	€	€
Non-current		
Property	**4,167,270**	4,111,408
Current		
Property	**88,803**	88,803
Total lease liabilities	**4,256,073**	4,200,211

The total cash outflows for leases, in respect of liabilities reflected above, in 2021 amounted to €88,803 (2020: €88,803). The contractual undiscounted cash flows attributable to lease liabilities as at 31 December 2021 are analysed in Note 2.1 c.

The movement in the carrying amount of these liabilities is analysed in the following table:

	2021	2020
	€	€
As at beginning of year	**4,200,211**	4,145,851
Payments	**(88,803)**	(88,803)
Interest charge (Note 19)	**144,665**	143,163
As at end of year	**4,256,073**	4,200,211

12. LEASE LIABILITIES - CONTINUED

The interest charge reflected in the table above is recognised in profit or loss. The depreciation charge in respect of the related right-of-use assets (Note 5) is also recognised in profit or loss. Amounts recognised in profit or loss in respect of short-term lease arrangements are disclosed in Note 15 to the financial statements.

13. DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2020: 35%). The movement on the deferred income tax account is analysed as follows:

	2021	2020
	€	**€**
At beginning of year	**10,475,506**	10,431,190
Tax relating to components of other comprehensive income:		
- revaluation of land and buildings (Note 9)	**2,879,086**	-
(Credited)/charged to profit or loss:		
- differences between depreciation and capital allowances on property, plant and equipment (Note 20)	**(138,390)**	44,316
At end of year	**13,216,202**	10,475,506

The deferred tax liability as at 31 December represents:

	2021	2020
	€	**€**
Temporary differences arising on fair valuation of property	**11,406,936**	8,527,850
Temporary differences arising between tax base and carrying amount of property, plant and equipment	**1,809,266**	1,947,656
	13,216,202	10,475,506

The recognised deferred tax liabilities are expected to be settled principally after more than twelve months from the end of the reporting period.

14. REVENUE

The Company's revenue was principally derived from operating lease rental income attributable to retail outlets in 'The Point Shopping Mall' together with the provision of related services, which operation constitutes the sole operating segment of the Company. Revenues from transactions with three customers amounting to €845,264, €762,920 and €696,654 (2020: four customers with revenues amounting to €679,327, €587,211, €577,452 and €501,881) respectively, each represent more than 10% of the Company's revenues. Variable rents linked to tenant sales performance recognised in profit or loss during the current financial year amounted to €400,736 (2020: €241,156). Revenue from the car park operation during 2021 amounted to €399,579 (2020: €238,881).

On 11 March 2021, the Company announced that in the light of the COVID-19 pandemic, The Point Shopping Mall was closed for business in line with the directions given by the National Health Authorities and its operations were principally suspended. This situation gave rise to a heightened level of business disruption which had an impact on the operations of the tenants. Following subsequent direction given by the same National Health Authorities 'The Point Shopping Mall' re-opened for business on 26 April

14. REVENUE - CONTINUED

2021. With a view to alleviating the business disruption experienced by the tenants, the Company decided that, without modifying the lease agreements in place, it accords rent relief to tenants within structured programmes. To this effect, the Company established eligibility criteria for rent relief and granted abatement selectively to qualifying tenants to the extent of €0.9m (2020: €1.6m).

The concessions described above are deemed to be equivalent to partial waiver of lease payments emanating from the currently applicable terms and conditions within the lease agreements, taking into account the substance implied in the content of specific clauses within the agreements in place. These concessions are not considered to have arisen out of a modification of the lease agreements. The term of the respective leases remained unchanged and similarly the scope of the lease was not modified. The amounts of the concessions have been treated as negative variable lease payments. Consequently, the waived lease income arising from the relief given to tenants has been recognised as a reduction in revenue during the financial period in which the condition that triggered the reduced payments occurred.

15. EXPENSES BY NATURE

	2021	2020
	€	**€**
Employee benefit expense (Note 16)	**67,026**	65,048
Directors' fees (Note 21)	**65,305**	68,275
Depreciation of property, plant and equipment (Note 4)	**1,818,362**	1,797,257
Depreciation of right-of-use assets (Note 5)	**50,751**	50,890
Advertising and business promotion expenses	**100,000**	58,205
Car park management fees	**157,959**	150,438
Service charge expenditure – shortfall	**98,143**	89,257
Other expenses	**238,152**	260,887
Total cost of sales and administrative and other expenses	**2,595,698**	2,540,257

Motor vehicle operating lease charges and similar expenses, prior to amounts recharged to tenants as service charges, recognised in profit and loss during the current financial year amounted to €22,267 (2020: €23,274). The lease agreements in place for motor vehicles are deemed to be short-term arrangements for the purposes of IFRS 16.

Auditor's fees

Fees charged by the auditor for services rendered relate to the following:

	2021	2020
	€	**€**
Annual statutory audit	**20,000**	16,500
Other assurance services	**8,000**	6,700
Tax compliance and advisory services	**2,150**	3,360
	30,150	26,560

16. EMPLOYEE BENEFIT EXPENSE

	2021	2020
	€	€
Wages and salaries	**273,356**	284,609
Social security costs	**14,075**	14,051
	287,431	298,660
Less amounts recharged to tenants as service charges	**(220,405)**	(233,612)
	67,026	65,048

Average number of persons employed by the Company during the year:

	2021	2020
Operational	**1**	1
Administration	**5**	5
	6	6

Wages and salaries within the table above are presented net of grants received from the Government of Malta under the COVID-19 Wage Supplement Scheme amounting to €26,571 (2020: €34,142). Grants related to income are presented as a deduction in reporting the related expense which the grant is intended to compensate for.

17. OTHER OPERATING INCOME

Other operating income relates to income received upon the termination of lease agreements during the current year.

18. FINANCE INCOME

	2021	2020
	€	€
Interest charged to debtors on overdue balances	**572**	3,164

19. FINANCE COSTS

	2021	2020
	€	€
Bank interest payable	**398,747**	568,316
Interest on tenant deposits	**27,329**	28,104
Interest expense on lease liability (Note 12)	**144,665**	143,163
Other charges	**15,829**	8,902
	586,570	748,485

20. TAX EXPENSE

	2021	2020
	€	**€**
Current tax expense	**959,860**	789,748
Deferred tax (credit)/charge (Note 13)	**(138,390)**	44,316
	821,470	834,064

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	2021	2020
	€	**€**
Profit before tax	**3,635,659**	2,158,144
Tax on profit at 35%	**1,272,481**	755,350
Tax effect of:		
Expenses not deductible for tax purposes	**830,586**	541,094
Application of tax rules for the leasing of commercial tenements (see Note below)	**(1,283,019)**	(455,185)
Other differences	**1,422**	(7,195)
Tax expense	**821,470**	834,064

Through the Budget Measures Implementation Act, 2016 (ACT No. XV of 2016), landlords were granted the option of being taxed on rental income, derived from the leasing of any tenement including commercial outlets and clubs, at a final withholding tax rate of 15% on the gross rental income. The substance of the legislation is that although the Company continues to be subject to income tax at the corporate tax rate of 35%, the effective tax rate in any given year is reduced to a lower rate if a lower tax charge is produced by multiplying the gross rental income by 15%.

21. DIRECTORS' EMOLUMENTS

	2021	2020
	€	**€**
Directors' fees	**65,305**	68,275

22. EARNINGS PER SHARE

	2021	2020
Net profit attributable to equity holders of the Company	**€2,814,189**	€1,324,080
Weighted average number of ordinary shares in issue	**56,400,000**	56,400,000
Earnings per share (euro cents)	**4.99**	2.35

The Company has no instruments or arrangements which give rise to dilutive potential ordinary shares, and accordingly diluted earnings per share is equivalent to basic earnings per share.

23. CASH GENERATED FROM OPERATIONS

Reconciliation of operating profit to cash generated from operations:

	2021	2020
	€	€
Operating profit	**4,221,657**	2,903,465
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	**1,818,362**	1,797,257
Depreciation of right-of-use assets (Note 5)	**50,751**	50,890
Movement in credit loss provisions	**-**	294
Changes in working capital:		
Trade and other receivables	**(768,809)**	197,607
Trade and other payables	**(73,416)**	44,698
Cash generated from operations	**5,248,545**	4,994,211

24. COMMITMENTS

Operating lease commitments - where the Company is a lessor

The future minimum lease payments receivable under non-cancellable operating leases entered into by the Company in relation to operations from The Point Shopping Mall are as follows:

	2021	2020
	€	€
Not later than 1 year	**6,723,581**	6,692,595
Later than 1 year and not later than 5 years	**21,800,781**	23,958,272
Later than 5 years	**26,693,383**	9,757,549
	55,217,745	40,408,416

The operating lease agreements entered into by the Company with the tenants of the shopping mall typically run for a significant number of years. These contracts generally provide that the lease payments increase by a predetermined percentage every year, which increases have been reflected in the figures above. A significant number of these arrangements also provide for contingent rentals based on outlet turnover levels.

Operating lease commitments - where the Company is a lessee

The future minimum lease payments payable under non-cancellable motor vehicle operating leases and minimum payments under similar arrangements (maintenance services) are as follows:

	2021	2020
	€	€
Not later than 1 year	**19,140**	19,140
Later than 1 year and not later than 5 years	**42,780**	61,920
	61,920	81,060

24. COMMITMENTS - CONTINUED

The lease arrangements in place for motor vehicles fall within the definition of short-term leases for the purposes of IFRS 16.

The Company has other commitments as referred to in Note 4.

25. RELATED PARTY TRANSACTIONS

Mapfre MSV Life p.l.c., HSBC Life Assurance Ltd and Bank of Valletta p.l.c., by virtue of the extent of their shareholding in the Company, are considered to be related parties. All companies owned or controlled by these entities, together with all companies forming part of the same groups of companies of which the shareholders form part, are also deemed to be related parties.

Tigné Mall p.l.c.'s Directors (key management personnel), close members of their families and all entities owned or controlled by these individuals, are considered to be related parties of Tigné Mall p.l.c.

Principal balances held with parties considered as related parties

	As at 31 December	
	2021	2020
	€	€
Bank borrowings	**11,798,328**	14,934,494

Principal transactions with parties considered as related parties

	Year ended 31 December	
	2021	2020
	€	€
Bank interest payable	**(398,747)**	(568,316)
Bank charges	**(15,829)**	(8,902)
Rental income	**11,000**	11,000

The Company also enters into other transactions with other related parties, such as the placement of insurance risks, but the related transaction amounts are not considered to have a material impact on the financial results and financial position of the Company.

Fees payable to the Directors are disclosed in Note 21 to these financial statements.

In the opinion of the Directors, all related party transactions have been carried out on an arm's length basis taking cognisance of normal commercial terms.

26. DIVIDEND

A dividend in respect of the year ended 31 December 2021 of €0.013298 per share, amounting to a net amount of €750,000 was proposed by the Board of Directors subsequent to the end of the reporting period. The financial statements do not reflect the dividend proposed after 31 December 2021. During the current financial year, the Company paid a net interim dividend of €378,929 equivalent to €0.67 per ordinary share (2020: nil).

27. STATUTORY INFORMATION

Tigné Mall p.l.c. is a public limited Company and is domiciled and incorporated in Malta, with its registered address at Management Suite, The Point Shopping Mall, Pjazza Tigné Point, TP 01, Malta. Its ordinary shares are listed on the Malta Stock Exchange.

pwc

Independent auditor's report

To the Shareholders of Tigné Mall p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of Tigné Mall p.l.c. (the Company) as at 31 December 2021, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Tigné Mall p.l.c.'s financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

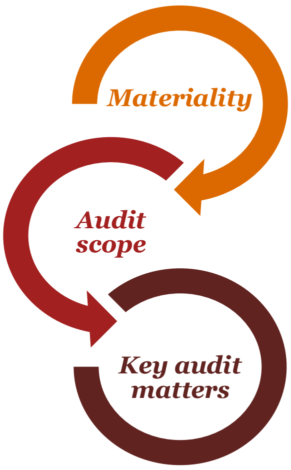
We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the company, in the period from 1 January 2021 to 31 December 2021, are disclosed in note 15 to the financial statements.

Our audit approach

Overview



- Overall materiality: €182,000, which represents 5% of the profit before tax for the year.

- Valuation of The Point Shopping Mall

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	€182,000
How we determined it	5% of the profit before tax for the year
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users and is a generally accepted benchmark. We selected 5%, which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €18,200 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of The Point Shopping Mall	
The Company's main asset, 'The Point Shopping Mall', is measured at fair value, which is based on valuations commissioned by the Company's Board of Directors and carried out by independent professionally qualified valuers. The valuations are determined on the basis of a model using discounted cash flow projections and these projections are based on a number of unobservable inputs. The Company's property was last revalued by an independent professionally qualified valuer on 31 December 2021. The key inputs in the valuation model include free cash flows after tax that are based on contracted and projected income streams less operating expenses covering the remaining term of the sub-emphyteusis, the growth rate applied	We reviewed the valuation report prepared by independent, professionally qualified valuers, supporting the fair value of 'The Point Shopping Mall' as at 31 December 2021 and confirmed that the valuation approach utilised is suitable in accordance with the requirements of professional valuation standards. We assessed the competence of the external valuers, including consideration of their qualifications and expertise. We understood and evaluated the valuation model utilised to determine the carrying amount of 'The Mall' as at 31 December 2021, which has been updated by the engaged independent valuer. Our audit procedures included a review of the projected financial information prepared by management, which have been used by the valuer within the valuation model. We agreed the projected financial information to the relevant inputs in the model, and to the extent possible, agreed these

Key audit matter	How our audit addressed the Key audit matter
Valuation of The Point Shopping Mall	
to determine projected income streams and the discount rate. At the end of every reporting period, the Company's management assesses whether any significant changes have been experienced since the last external valuation. Such assessments are performed for the purpose of ascertaining whether the carrying amount of the property is significantly different from estimated fair value, by reviewing the continued applicability of assumptions utilised in the most recent independent valuation model. We focused on this area because of the significance of the carrying value of 'The Point Shopping Mall' in the Statement of the Financial Position, the revaluation surplus recognised during the year ended 31 December 2021 and the judgemental nature of the assumptions used in the underlying valuation model. Further disclosure is included in Note 3 (Critical accounting estimates and judgements) and Note 4 (Property, plant and equipment).	inputs to the terms of the current tenant rental schedules and other documentation. We tested the mathematical accuracy of the calculations within the model. We engaged our own in-house valuation experts to critique and challenge the principal assumptions used in the valuation model, including the growth rate and discount rate, given that a marginal change in one of the inputs to the valuation model has a significant impact on the valuation. We discussed the valuation with the Audit Committee. We concluded, based on our audit work, that the valuation was within a reasonable range. In addition, we evaluated the adequacy of the disclosures made in Notes 3 and 4 of the financial statements, including those regarding the principal assumptions.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report, the Corporate Governance – Statement of compliance and the RemNom Committee Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Statement and Chief Executive's Review which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chairman's Statement and Chief Executive's Review, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance in accordance with International Standards on Auditing.

Responsibilities of the directors and those charged with governance for the financial statements

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 Maltese 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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 judgement 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.
- 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the company's trade, customers and suppliers, and the disruption to its business and the overall economy.
- 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the “ESEF RTS”), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (“the ESEF Directive 6”) on the Annual Financial Report of Tigné Mall p.l.c. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Annual Financial Report, including the financial statements, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the financial statements, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Financial Report in XHTML format.
- Examining whether the Annual Financial Report has been prepared in XHTML format.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Annual Financial Report for the year ended 31 December 2021 has been prepared in XHTML format in all material respects.

Other reporting requirements

The *Annual Financial Report and Financial Statements 2021* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Financial Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Financial Report and Financial Statements 2021* and the related Directors' responsibilities	**Our responsibilities**	**Our reporting**
Directors' report The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • 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 the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
Corporate Governance – Statement of compliance The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare and include in the Annual Financial Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within	We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Markets Rules 5.97.4 and 5.97.5,	In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority. We have nothing to report to you in respect of the other

***Area of the Annual Financial Report and Financial Statements 2021* and the related Directors' responsibilities**	**Our responsibilities**	**Our reporting**
Appendix 5.1 to Chapter 5 of the Capital Markets Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.	giving an indication of the nature of any such misstatements. We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Capital Markets Rule 5.97. We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.	responsibilities, as explicitly stated within the *Other information* section.
RemNom Committee Report The Capital Markets Rules issued by the Malta Financial Services Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.	We are required to consider whether the information that should be provided within the Remuneration report, as required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules, has been included.	In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or 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. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Area of the *Annual Financial Report and Financial Statements 2021* and the related Directors' responsibilities	Our responsibilities	Our reporting
	We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.	

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company for the financial year ended 31 December 2005. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 17 years. The company became listed on a regulated market on 2 May 2013.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Fabio Axisa
Partner

14 April 2022

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