MAIN STREET COMPLEX p.l.c.

Annual Report and Financial Statements
31 December 2020

Company Registration Number: C34767

Chairman's statement

I am pleased to be presenting the Main Street Complex p.l.c. annual report for 2020 to shareholders, covering the second full year of operations following the official listing of the company on the Malta Stock Exchange.

The year 2020 has been a year like no other – for Main Street Complex and for businesses globally. The COVID-19 pandemic continues to have a profound impact on the global economy, posing unprecedented challenges to our businesses and indeed to our daily lives. Notwithstanding these unforeseen difficulties, I am proud to say that our Board and management team have stepped up to this challenge in mitigating the impact of COVID-19 on our concessionaires, whilst safeguarding the interests of our stakeholders.

Following the record visitor numbers registered in 2019, the year 2020 started on an upbeat note, with footfall for the first two months of the year up by 4% over the same period in 2019. However, with the onset of the pandemic, and the directive issued by Government, Main Street Complex closed its doors to the public in March 2020. Our management team immediately reached out to reassure and support our concessionaires during the period of closure. Main Street Complex eventually re-opened for business again in May 2020. For the period between re-opening and year end, footfall reached 69% of the corresponding period in the previous year.

The resulting downturn in business and periods of closure have, as expected, had a direct impact on revenues. Gross revenues for 2020 reached €517K compared to €820K in 2019, while profit before tax dropped from €516K in 2019 to €224K in 2020. As mentioned above, from the onset of the pandemic, the company supported our concessionaires by waiving fees during the periods of closure, and discounting fees following our re-opening. In this regard, I am pleased to note that our concessionaires appreciated the manner and fairness with which the company extended its support, and indeed continues to do so. Additionally, our management team worked hard to reduce operating costs, while ensuring the safety of our concessionaires and customers.

While the results for the year are understandably a reflection of the unprecedented situation, this period of adversity has also highlighted the company's resilience. Our liquidity position remained sound, also as a result of our prudent financial management and the absence of debt on our balance sheet. Indeed, our solid capital base and debt-free position, and the consequent absence of debt servicing obligations enabled the company to pay out a final dividend for 2019 of €160K in July 2020.

As everyone is painfully aware, in response to rising infection rates, in March 2021 Government once again issued directives which resulted in the closure of Main Street Complex. There is no doubt that this pandemic is one of the most severe global crises in our lifetimes. Notwithstanding that we are witnessing an encouraging mass vaccination rollout, the situation during this difficult period remains serious and uncertain.

The company's strong financial position and absence of debt has this far enabled us to manage this adverse situation, however results for 2021 are understandably expected to remain below normal levels. Consequently, following an in-depth impact assessment, the Board has formulated the view that in this period of uncertainty, it would be prudent and in the best interests of the company not to recommend the declaration of a final dividend for 2020.

We remain confident that Main Street Complex will continue to be a popular shopping destination for the southern part of the island. As life in general and business operations return to whatever the new normal will turn out to be, we will once again contribute positively to the success of our concessionaires and continue to deliver a unique customer experience to our clients. While acutely aware of the challenges ahead, the Board continues to look to the future with renewed determination and optimism.

Joseph A. Gasan
Chairman

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Principal activity

Main Street Complex opened in 2004 as a retail and entertainment complex, featuring four floors of retail outlets, a bar/restaurant and entertainment area, and parking facilities in the heart of Paola, Malta.

The company has operated the Complex since its opening. The principal activity is to grant concessions of outlets or spaces in the Complex against an agreed annual rate, and in some cases, a fee payable based on a percentage of the concessionaire's turnover.

Review of the business

This year's review needs to be taken in the context of the COVID-19 pandemic that began in March 2020 and continues to the date of signing off these financial statements. Although the company was in a "contractually" strong position and could have insisted on adopting an aggressive approach towards collection of contracted revenues, the Board of Directors and management felt that the situation warranted understanding of and empathising with its partners. Locally, containment measures legislated by the Superintendent of Health during the year 2020 meant that the majority of Main Street Complex tenants were unable to operate for a period of 6 weeks, with others for longer periods extending to over 8 weeks. Furthermore, maximum capacity management controls within business units and other measures aimed at reducing the contraction & spread of the virus by either working from home, restricting social gatherings and outdoor activities, reportedly dampened demand for and sales of the tenants' products and services. For these reasons, a conscientious approach aimed at easing the hardships encountered, and yet to be encountered, by its tenants was adopted by the company.

Whereas at the start of 2020 expectations were that the company would go on to improve its record 2019 result, aggregate discounts representing 37% of previous year revenue resulted in a €302,071 reduction in income, from €819,540 to €517,469. While company's management effectively exercised cost cautious measures resulting in a 14% reduction in direct operating expenses, the global operating and administrative cost savings of €10,120, was far lower than the income drop. Consequently, the company's profit before tax of €224,102 stood at €292,226 lower than that of the previous year. EBITDA for the year of €327,447 was still positive and good management in the debt collection aspect led to the company meeting all trade and privileged creditors in a timely manner. The cash balance of €255,228 as at the 31 December 2020 quoted after the payment of the final net dividend of €159,836 for 2019 remained at par with the closing cash balance of the previous year. The company's balance sheet remains strong with the total equity amounting to €11,669,467 financing 88% of the company's total assets of €13,261,923.

Outlook for the current year remains cautious. The COVID-19 vaccination program being rolled out by local authorities is expected to lead to the eventual relaxation of mitigation measures, but it is still hard to gauge the cumulative financial impact of the two closures of non-essential businesses and a generally weaker consumer demand on products & services offered by the company's tenants. The Board has formulated the view that in this period of uncertainty, it would be prudent and in the best interests of the company not to recommend the declaration of a final dividend for 2020.

Directors' report - continued

Our principal risk and uncertainties

Risks relating to reliance on concession agreements

In its business operations, the company enters into concession agreements with third parties pursuant to which it grants such third parties the right to use the outlets forming part of Main Street Complex for an agreed annual rate and, in some cases, a fee payable on the percentage of concession turnover, usually subject to a minimum annual rent. The concessionaires of Main Street Complex are principally engaged in retail, catering and entertainment. The company, therefore, relies on the revenues it expects to generate from the Concessions. There can be no guarantee that the company will continue to find suitable concessionaires on the terms it seeks from time to time. In addition, the financial stability of the concessionaires may change over time. Defaults by concessionaires could result in a reduction in concession fee revenues, which may require the company to contribute additional capital or obtain alternative financing. In addition, the company may incur costs in enforcing rights under the Concession Agreements of a defaulting concessionaire, including legal fees, re-possession of the space/s granted on concession and costs to grant a concession of the re-possessed space to a new third-party/ies. Any adverse changes in a concessionaire's financial condition may negatively affect cash flows generated by the company. Furthermore, if the company's concessionaires decide not to renew their respective Concession Agreements upon expiration, the company may not be able to grant concessions on the same terms, if at all. Any of the foregoing factors may adversely affect the business, financial condition and results of operations of the company.

All the above identified risks are further accentuated by the impact that the COVID-19 and/or any other similar pandemic will have on consumer spending and the general state of the retail market and local economy. In addition, the impact of these risks affects the financial standing of concessionaires, the levels of business they are able to generate, and where applicable, on their principals' ability to continue supporting the underlying brand operation and supply of required inventory.

Risks relating to changes in the market and economic conditions

The company's business activities are subject to general market and economic conditions. These conditions include, inter alia, consumer demand, financial market volatility, inflation, fluctuation in interest rates, exchange rates, direct and indirect taxation, the health of the local retail markets, property prices, energy and fuel costs, unemployment, wage rates, tightening of credit markets, government spending and budget priorities, pandemics such as COVID-19 and ensuing government and/or public health authorities legislations and/or recommendations related to but not limited to restrictions on daily activities, social distancing, quarantine, lock-down imposition on specific or wide-spread industries and members of the society and other general market and economic conditions.

In the event that the general market or specific sectors within it and economic conditions were to experience a downturn and/or a complete halt, these weakened conditions may have an adverse impact to its shareholders.

Directors' report - continued

Risks relating to the retail sector

The company grants Concessions to entities engaged principally in the retail sector, including the catering and gaming sectors. The health of the retail market may have a direct or indirect effect on the ability of the company to grant Concessions, and for the said concessionaires to continue operations. The health of the retail market may be affected by a number of factors, including, inter alia, consumer demand, tastes, shopping preferences, trends, online shopping, inflation, fluctuation in interest rates, exchange rates, direct and indirect taxation, regulations, mandatory closures, maximum capacity measures, energy and fuel costs, unemployment, wage rates, availability of credit, government spending and budget priorities, and other general market and economic conditions. These are particularly accentuated owing to the size of the Maltese market. A significant downturn in the performance of the retail sector could have a material adverse effect on the company's business, financial position and results of operation.

Risks emanating from the company's financing strategy

The company may not be able to obtain the capital it requires for development or improvement of existing or new properties on commercially reasonable terms, or at all. The company may not be able to secure sufficient financing for its investment requirements. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within the timeframes required by the company, also taking into account the need from time to time for the Complex to undergo renovation, refurbishment or other improvements in the future. Any weakness in the capital markets and, more generally, the inability to raise the necessary financing from time to time, may limit the company's ability to raise capital for the execution of future developments or acquisitions. Failure to obtain, or delays in obtaining, the capital required to complete future developments and acquisitions on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the company's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

Future indebtedness

The company may, from time to time, require bank credit facilities to maintain the Complex, to refinance indebtedness as well as to fund future growth in terms of acquisition and developments. There can be no assurance that the company will have access to sufficient capital or access to capital on terms favourable to the company for future property acquisitions, refinancing its indebtedness, financing or refinancing of properties, funding operating expenses or other purposes. Moreover, borrowings under bank credit facilities are or may be at variable interest rates, which would render the company vulnerable to increases in interest rates. The agreements regulating the company's bank debt may impose, and are likely to impose, significant operating restrictions and financial covenants on the company. These restrictions and covenants could limit the company's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

Key senior management and personnel

The operations and profitability of the company are dependent on the management support services provided by Embassy Limited to the company in terms of a management support services agreement. Should either party terminate the management support services agreement prior to the expiry of its term, or, should Embassy Limited decide not to renew the agreement following the lapse of the term thereof, the company would need to seek a new management support services provider or individuals to occupy the executive management roles of the company. The company may be unable to replace the services provided by Embassy Limited within the short term and/or on the same or similar terms. This could have a material adverse effect on the company's business and results of its operations.

Directors' report - continued

The company's insurance policies

The company maintains insurance at levels determined by the company to be appropriate in light of the cost of cover and the risk profile of the business in which the company operates. With respect to losses for which the company is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the company may not be able to recover the full loss incurred from the insurer. No assurance can be given that the company's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

Risks relative to changes in laws

Various aspects of the company's business are subject to specific laws and regulation including consumer laws and licensing requirements. The business of the company is also subject to laws and regulations of general application such as taxation, health and safety and employment. The timing and effects of changes in the laws and regulations, to which the company is subject, including changes in the interpretation thereof, cannot be predicted and could have an adverse effect on the business, financial condition and profitability of the company.

Reputational risk

Reputational risk is the risk that negative publicity regarding the company's business practices, whether true or not, may cause a decline in the customer base, costly litigation, or revenue reductions. Reputational risk could be particularly damaging for the company since the nature of its business requires maintaining the confidence of clients and of the general marketplace.

Health and safety

The nature of the company's business necessitates that adequate importance is given to maintaining compliance with international health and safety standards. The failure to comply with such standards could expose the company to third party claims, which could in turn have a material adverse effect on its business and profitability.

Litigation risk

The company is susceptible to legal claims, with or without merit, by concessionaires and/or patrons of the Complex. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the company's future cash flow, results of operations or financial condition.

Competitiveness in the commercial property market

The real estate market in Malta is very competitive in nature. An increase in supply and/or a reduction in demand in the commercial property segments in which the company targets to grant Concessions, may cause the Concessions to be granted at lower rates than is being anticipated by the company or may cause the concession of the Main Street Complex spaces to take place at a slower pace than that anticipated by the company. If these risks were to materialise, they could have an adverse impact on the company and its ability to distribute dividends

Directors' report - continued

Material risks relating to the potential future development of real estate

The company may from time to time develop Main Street Complex further or develop other properties it may acquire. Risks relating to real estate development may affect the economic performance and value of the property under development. There are a number of factors that commonly affect the real estate development industry, many of which are beyond the company's control, and which could adversely affect the economic performance and value of the company's real estate property and any developments that the company may seek to implement.

Such factors include: changes in general economic conditions in Malta; general industry trends, including the cyclical nature of the real estate market; changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes; possible structural and environmental problems liabilities to which the company may be exposed to in connection with the construction of real estate including but not limited to, environmental liabilities, health and safety liabilities and liabilities pertaining to the disposal of waste products; acts of nature, such as earthquakes and floods, that may damage the property or delay its development; increased competition in the market segment in which the company is undertaking the real estate development may lead to an oversupply of commercial properties in such markets, which could lead to a lowering of concession payments and a corresponding reduction in revenue of the company from Main Street Complex; the incurrence of cost overruns; delays in the processing of permits for the development and construction of real estate property; and the dependence of the company on third party contractors and the availability of same to carry out construction and structural works at the times scheduled by, and costs agreed with, the company. In the event of real estate developments being carried out by the company, any of the factors described above could have an adverse effect on the company's business, its respective financial condition and prospects and accordingly on the ability of the company to distribute dividends.

Exposure to environmental liabilities

The company may become liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that may be located on or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The company may also be required to remove or remediate any hazardous substances that it causes or knowingly permits at any property that it owns or may in future own. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a real estate investment, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on its business, financial condition and results of operations.

Risks inherent in property valuations

The valuation of the Complex is based on certain assumptions, which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match the assumptions. There can be no assurance that such valuation of the Complex will reflect actual market values.

Directors' report - continued

Financial risk management

The company's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The company's overall risk management, covering risk exposures for all subsidiaries, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. Accordingly, the company's Board of Directors provides principles for overall risk management, as well as risk management policies covering risks referred to above and specific areas such as investment of excess liquidity. A detailed review of the risk management policies employed by the company is included in Note 2 to the financial statements.

The Statement of Compliance with the Principles of Good Corporate Governance in this Annual Report describes the company's adherence with the Principles and Code Provisions of Good Corporate Governance set out in Appendix 5.1 of the Listing Rules and the non-financial key performance indicators relevant to the company, including information relating to environmental and employee matters.

Directors

The Directors who served on the Board during the year under review and up to the date of this report are listed hereunder.

Joseph A. Gasan	Executive Director and Chairman
Mario Camilleri	Executive Director
Etienne Borg Cardona	Independent Non-Executive Director
Christopher Mifsud	Independent Non-Executive Director
Isabella Vella	Independent Non-Executive Director

In accordance with the provisions of the Articles of Association of the company, the Directors shall hold office until the subsequent annual general meeting, unless s/he resigns or is earlier removed in accordance with the Articles, provided that a Director whose term of office expires shall be eligible for re-appointment.

The Directors have a service contract with the company.

Statement of Directors' responsibilities for the financial statements

The Directors are required by the Companies Act (Cap. 386) to prepare financial statements that 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.

Directors' report - continued

The Directors are also responsible for designing, implementing and maintaining internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the 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 financial statements of Main Street Complex p.l.c. for the year ended 31 December 2020 are included in the Annual Report 2020, which is made available publicly. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the 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

Information provided in accordance with *Listing Rule 5.70.1*

There were no material contracts to which the company was a party, and in which anyone of the company's Directors was directly or indirectly interested.

Going concern

The Directors, as required by the Listing Rule 5.62, have considered the company's operating performance, the balance sheet at year-end, as well as the business plan for the coming year, also taking into account possible impact of COVID-19 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.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office. A resolution to re-appoint the auditors and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

Information provided in accordance with *Listing Rule 5.64*

The authorised share capital of the company as at 31 December 2020 and 2019 is €5,000,000 divided into 50,000,000 ordinary shares of €0.10 each. The issued share capital of the company is €1,938,462 divided into 19,384,619 ordinary shares of €0.10 each.

The Directors confirm that as at 31 December 2020 and 2019, Embassy Limited held a shareholding in excess of 5% of the total issued share capital.

Any amendment to the company's Memorandum and Articles of Association has to be made in accordance with the Companies Act (Cap 386).

The company may, subject to the applicable restrictions, limitations and conditions contained in the Companies Act (Cap 386) acquire its own shares and or Equity Securities.

Pursuant to Listing Rules 5.64.2, 5.64.4, 5.64.5, 5.64.6, 5.64.7, 5.64.10 and 5.64.11 it is hereby declared that, as at 31 December 2020 none of the requirements apply to the company.

Directors' report - continued

We, the undersigned, declare that to the best of our knowledge, the financial statements prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and that this report includes a fair review of the performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors on 20 April 2021 and signed on its behalf by:

On behalf of the Board

Joseph A. Gasan Director	Etienne Borg Cardona Director

Registered office:
Main Street Complex
Antoine de Paule Square
Paola PLA 1262
Malta

Dr Malcolm Falzon
Company Secretary

20 April 2021

Statement of compliance with the principles of good corporate governance

1. Introduction

As a company having its entire issued share capital listed and traded on the Official List of the Malta Stock Exchange, Main Street Complex p.l.c. (the "**company**") is subject to the Listing Rules issued by the Listing Authority (the "**Listing Rules**"). Pursuant to the Listing Rules, the company should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Listing Rules (the **"Code"**). In terms of Listing Rule 5.94, the company hereby reports on the extent of its adoption of the principles of the Code for the financial year being reported upon.

The company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the Directors strongly believe that such practices are generally in the best interests of the company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the Directors' and the company's commitment to a high standard of good governance.

The Board of Directors of the company (the **"Board"**) has carried out a review of the company's compliance with the Code for the financial year being reported upon.

2. General

The company's governance principally lies with its Board, which is responsible for the overall determination of the company's policies and business strategies. The company's principal activity is the management and operation of the Main Street Complex, a shopping and entertainment mall located in Paola, Malta.

The company has adopted a corporate decision-making and supervisory structure that is tailored to suit its requirements and designed to ensure the existence of adequate controls and procedures within the company, whilst retaining an element of flexibility essential to allow the company to react promptly and efficiently to circumstances arising in respect of its business, taking into account its size and the economic conditions in which it operates. The Directors are of the view that it has employed structures, which are most suitable and complementary for the size, nature and operations of the company. Accordingly, in general the Directors believe that the company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of control in line with the company's requirements.

This corporate governance statement (the **"Statement"**) sets out the structures and processes in place within the company and explains how these effectively achieve the goals set out in the Code. For this purpose, this Statement will make reference to the pertinent principles of the Code and set out the manner in which the Directors believe that these have been adhered to. Where the company has not complied with any of the principles of the Code, this Statement will provide an explanation for the non-compliance.

It is to be noted that reference in this Statement to compliance with the principles of the Code means compliance with the Code's main principles and provisions.

Principles One to Five

Principles One to Five of the Code deal fundamentally with the role of the Board and of the Directors.

The Directors believe that for the period under review the company has generally complied with the requirements for each of these principles.

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code

Principle One: The Board

The Board is responsible for determining the company's strategic aims and organisational structure, whilst ensuring that the company has the appropriate mix of financial and human resources to meet its objectives and enhance performance. The Board is composed of a mix of executive and non-executive directors who are fit and proper to direct the business of the company with honesty, competence and integrity. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the company.

The Board has delegated specific responsibilities to senior management and committees, notably the Nominations Committee and the Audit Committee, which operate under their respective formal terms of reference. It has also entered into a management support services agreement with Embassy Limited, the company's former parent, pursuant to which the company appointed Embassy Limited as the agent and representative of the company to supervise, control, manage and direct the management and operation of the Main Street Complex. In this respect, the company regularly liaises with the representatives of Embassy Limited to ensure continuous dialogue on the manner in which the Main Street Complex is operated.

Principle Two: Chairman and Chief Executive

In terms of Article 13 of the Articles of Association of the company, the Board of Directors may from time to time appoint any person to the office of Chief Executive Officer of the company, and on such terms as they think fit. The functions and duties of Chief Executive Officer are performed by Bettina Azzopardi, in her capacity as managing director of Embassy Limited, which, pursuant to the terms of a management support services agreement between the latter and the company, is responsible for the day-to-day management of the company and its business operations. see note adjacent

Joseph A. Gasan was re-appointed as the Chairman of the Board for the year under review.

The Chairman's main function is to lead the Board and set its agenda, a function which the Board believes has been conducted in compliance with the dictates of Code Provision 2.2. The Chairman is also responsible to ensure that the Board receives precise, timely and objective information in order for the Directors to take sound decisions and effectively monitor the performance of the company. The Chairman ensures that there is effective communication with stakeholders and, during Board meetings, that there is active engagement by all Directors for the discussion of complex and/or contentious issues. The Board considers that notwithstanding that the Chairman is not an independent Director as recommended by the Code, the means for addressing potential conflicts of interest are suitably addressed in the Articles of Association of the company and terms of reference of the Audit Committee of the company. Furthermore, the Board considers the present Chairman to be fit and proper to occupy the role.

The composition of the Board, in line with the requirements of Principle 3 of the Code, is composed of executive and non-executive Directors, including independent non-executives, as follows:

Director	Title	Director since
Joseph A. Gasan	Executive Director and Chairman	1 December 2009
Mario Camilleri	Executive Director	13 May 2010
Etienne Borg Cardona	Independent Non-Executive Director	11 April 2018
Christopher Mifsud	Independent Non-Executive Director	11 April 2018
Isabella Vella	Independent Non-Executive Director	19 July 2018

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code - continued

Principle Three: Composition of the Board

Appointment and Removal of Directors

Pursuant to generally accepted practices, as well as the company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the company's shareholders, except in so far as an appointment is made to fill a vacancy on the Board, which vacancy may be filled by co-option by the Board on the recommendation of the Nominations Committee.

The Articles of Association provide for two mechanisms by virtue of which Directors may be appointed: (i) holders of 17% or more of the voting rights in the company have the right to appoint one (1) Director for each and every block of shares representing 17% of the issued share capital of the company having voting rights, by way of letter addressed to the company ("**A Director**"); (ii) any one or more shareholders who in aggregate hold not less than 5% in nominal value of shares having voting rights, may nominate fit and proper persons having the appropriate level and mix of skills, knowledge and experience required for appointment to the Board, such nominations being subject to the approval of the Nominations Committee ("**B Director"**). In addition, nominations may also be made by the Board or the Nominations Committee, for consideration by the shareholders at the annual general meeting of the company.

An A Director may be removed by the members who appointed him or her by letter to the company and a B Director may be removed by an ordinary resolution of those members who are entitled to vote for their election at a general meeting. Directors may be removed at any time by ordinary resolution of the shareholders of the company, or in any other specific instances set out in the Articles of Association of the company.

Independence of Non-Executive Directors

In line with supporting principle 3 (iii) of main principle three, at least one third of the Board consists of non-executive Directors. The non-executive Directors are Etienne Borg Cardona, Christopher Mifsud and Isabella Vella. Non-executive Directors play an important role in overseeing executive Directors and management, ensuring a system of checks and balances and contributing to the strategic direction of the company in an objective manner.

For the purposes of Code Provision 3.2, the Board considers each of the non-executive Directors as independent within the meaning of the Code. None of the non-executive Directors:

(a) have been an executive officer or employee of the company or a subsidiary or parent of the company, as the case may be, within the last three years;
(b) has or has had within the last three years, a significant business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
(c) receive significant additional remuneration from the company;
(d) have close family ties with any of the executive members of the Board or senior employees;
(e) has served on the Board of the company for more than twelve consecutive years; or
(f) have been within the last three years an engagement partner or a member of the audit team of the present or past external auditor of the company.

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code - continued

Principle Three: Composition of the Board *- continued*

In terms of Code Provision 3.4, each non-executive Director undertakes:

- to maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- to clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm the company.

Principle Four: The Responsibilities of the Board

In terms of Principle Four, it is the Board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development.

The Board of Directors is entrusted with the overall direction, administration and management of the company and meets on a regular basis to discuss and take decisions on matters concerning the strategy, operational performance and financial performance of the company. The Board may also delegate specific responsibilities to *ad-hoc* Committees as may be required from time to time, and in the year under review, the Board has established and maintained an Audit Committee and a Nominations Committee.

Senior management of the company is composed of the following members who are employees of Embassy Limited and provide their services to the company pursuant to the terms of the management support services agreement between the company and Embassy Limited:

Bettina Azzopardi - Chief Executive Officer (CEO)
Simon DeMarco - Financial Controller
Chris Borg - Assistant to CEO

Role and Responsibilities of the Board

The role of the Board is exercised in a manner designed to ensure that it can function independently of management and effectively supervises the operations of the company. At each of its meetings, the Board is presented by the Financial Controller of Embassy Limited (the contracted management company) with monthly management accounts covering the period since the preceding Board meeting.

In fulfilling its mandate, the Board assumes responsibility to:

a) establish appropriate corporate governance standards;
b) review, evaluate and approve, on a regular basis, long-term plans for the company;
c) review, evaluate and approve the company's budgets and forecasts;
d) review, evaluate and approve major resource allocations and capital investments;
e) review the financial and operating results of the company;
f) ensure appropriate policies and procedures are in place to manage risks and internal control;
g) review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities and plans for senior management development including succession;
h) review, evaluate and approve compensation to senior management; and
i) review periodically the company's objectives and policies relating to social, health and safety and environmental responsibilities.

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code - continued

Principle Four: The Responsibilities of the Board - continued

In fulfilling its responsibilities, the Board continuously assesses and monitors the company's present and future operations, opportunities, threats and risks in the external environment, and its current and future strengths and weaknesses. The Board evaluates and reviews the implementation of the business and financial strategy of the company.

In ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed legal advisor and other advisors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the company's expense.

This Code Provision recommends the development of a succession policy for the future composition of the Board of Directors and particularly the executive component thereof, for which the Chairman should hold key responsibility.

In the context of the appointment of Directors being a matter reserved exclusively to the company's shareholders (except where the need arises to fill a casual vacancy) as explained under Principle Three, considering that every Director retires from office at the AGM, the company does not consider it feasible to have in place such a succession policy.

The Audit Committee

In line with the requirements of the Listing Rules, the company has established an Audit Committee whose principal role is the review and oversight of the company's financial reporting process, accounting policies and standards, the audit process, any related party transactions, and the monitoring of internal systems and control. When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it makes recommendations to the Board on the action needed to address the issue or make improvements

Unlike the provisions of the Code, which are not mandatory in nature, the Directors acknowledge that the requirement of having an Audit Committee in place is an obligation under the Listing Rules. The Audit Committee operates under its own terms of reference which have been approved by its Board. The terms of reference of the Audit Committee are modelled on the recommendations of the Listing Rules and have been approved by the Listing Authority.

The Audit Committee is a committee appointed by the Board and is directly responsible and accountable to the Board. In the period under review, the Audit Committee met four (4) times. The external auditors are invited to attend specific meetings of the Audit Committee and are entitled to convene a meeting if considered necessary.

For the period under review, the audit committee was composed of Etienne Borg Cardona (independent non-executive director who is competent in accounting and, or auditing matters), Christopher Mifsud (independent non-executive director) and Isabella Vella (independent non-executive director). The members of the Audit Committee are appointed for a period of three (3) years and shall be eligible for re-appointment by the Board of Directors. Audit Committee meetings are chaired by a non-executive director of the board who is independent of the company. Etienne Borg Cardona has been appointed as chairman of the Audit Committee members in accordance with the terms of reference of the Audit Committee.

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code - continued

Principle Five: Board Meetings

The Board believes that it complies fully with the requirements of this principle and the relative Code Provisions, in that it has systems in place to ensure the reasonable notice of meetings of the Board and the circulation of discussion papers in advance of meetings so as to provide adequate time to Directors to prepare themselves for such meetings.

Minutes are prepared during Board meetings by the Company Secretary recording faithfully attendance, discussions and resolutions. These minutes are subsequently circulated to all Directors as soon as practicable after the meeting.

The Board meets as often and as frequently as is required in line with the nature and demands of the business of the company. Directors attend meetings on a frequent and regular basis and dedicate the necessary time and attention to their duties as Directors of the company.

The following reports the attendance at Board meetings of each of the Directors during the period under review:

Name	Capacity	Meetings attended
Joseph A. Gasan	Executive Director & Chairman	10 out of 10
Mario Camilleri	Executive Director	10 out of 10
Etienne Borg Cardona	Independent Non-Executive Director	10 out of 10
Christopher Mifsud	Independent Non-Executive Director	10 out of 10
Isabella Vella	Independent Non-Executive Director	10 out of 10

Board meetings are also attended by representatives of management, principally Bettina Azzopardi (CEO) and Simon Demarco (Financial Controller).

The Chairman ensures that all issues relevant to long-term strategic and short-term performance of the company are placed on the agenda of Board meetings and, for the purpose of discussion thereon, are supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all Directors every opportunity to contribute to the discussion.

Principle Six: Information and Professional Development

The Board believes that this principle has been duly complied with for the period under review. The Board actively ensures that there is adequate training for Directors and management. The Board ensures that all Directors are supplied with precise, timely and clear information so as to enable them to effectively contribute to Board decisions in line with the high standards expected of them.

Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the company, in order to ensure that each Director is aware of his/her legal and fiduciary obligations. The company also bears the expense incurred by the Directors requiring independent professional advice should they judge it necessary to discharge their responsibilities as Directors. During the period under review, a number of information sessions were held with a view to ensuring that Directors and senior management are made aware of, inter alia, their statutory and fiduciary duties and the skills and competence requirements of senior management. The company pledges to make available to the Directors the appropriate training and advice, as required.

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code - continued

Principle Seven: Evaluation of the Board's performance

The Board is of the view that over the period under review, all members of the Board, individually and collectively, have contributed to proceedings in line with the required levels of diligence and skill. In addition, the Board believes that its current composition endows the Board with a cross-section of skills and experience and achieves the appropriate balance required for it to function effectively. For this reason, the Board has not appointed a committee for the purpose of undertaking an evaluation of the Board's performance in accordance with the requirements of Code Provision 7.1.

Principle Eight: Committees

Principle Eight A of the Code deals with the establishment of a Remuneration Committee aimed at developing policies on remuneration for Directors and senior executives and devising appropriate remuneration packages.

The Board does not consider it necessary to constitute separate committees to deal, *inter alia*, with the compensation packages of directors and senior management, as might be appropriate in a larger company. The company relies on the constant scrutiny of the Board itself, the company's shareholders, the market and the rules by which Main Street Complex p.l.c. is regulated as a listed company. The Board shall retain this matter under review over the coming year.

Principle Eight B of the Code deals with the requirement of a formal and transparant procedure for the appointment of Directors.

Nominations Committee

The Board believes that the main principle has been duly complied with, as the Articles of Association establish a formal and transparent procedure for the appointment and nomination of Directors, and provide for the establishment of the Nominations Committee.

A Nominations Committee has been appointed to lead to the process for Board appointments of B Directors and to make recommendations to it for the said appointment. The Nominations Committee consists of Joseph A. Gasan, Etienne Borg Cardona and Christopher Mifsud. In accordance with Code Provision 8.B.1, the Nominations Committee is composed entirely of Directors, the majority of whom are independent non-executive Directors.

The Nominations Committee is empowered by the Articles of Association to reject any recommendation made to it if, in its considered opinion, the appointment of the person so recommended as a Director could be detrimental to the company's interests or if such person is not considered fit and proper to occupy that position. The Nominations Committee reports to the Board on all recommendations made to it.

The Nominations Committee also has the function of periodically assessing the skills, knowledge and experience of individual Directors necessary for the Board to have the appropriate level of skill, competence and experience that would endow the Board with the requisite collective knowledge and skill necessary for the proper functioning of the company and its oversight by the Board of Directors.

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code - continued

Principles Nine and Ten: Relations with Shareholders and with the Market, and Institutional Shareholders

The company is highly committed to having an open and communicative relationship with its shareholders and investors. In addition to the statutory and regulatory requirements relating to the Annual General Meeting, the publication of interim and annual financial statements, two Interim directors' statements and respective company announcements, all of which serve the purpose of keeping the market informed, the company will seek to hold meetings with market participants and institutional investors.

The Board serves the legitimate interests of the company, accounts to shareholders fully and ensures that the company communicates with the market effectively and in a timely manner through a number of company announcements that it published, informing the market of significant events relevant to the company and its business. The Board notes that the reaction of market participants to the company's communication strategy of important events has been positive.

At its forthcoming Annual General Meeting, the Board intends to communicate directly with shareholders on the performance of the company over the period under review and to inform shareholders of the challenges and opportunities that lie ahead.

Business at the company's Annual General Meeting covers the approval of the Annual Report and Audited Financial Statements, the declaration of a final dividend, the election of Directors, the determination of the maximum aggregate emoluments that may be paid to Directors, the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration. Extraordinary business may also be resolved upon at the Annual General Meeting as the case so requires. The company's Articles of Association allow shareholders to call special meetings on matters of importance to the company, provided that the minimum threshold of ownership established in the Articles of Association is met.

Apart from the Annual General Meeting, the company intends to continue with its active communication strategy in the market, and shall accordingly continue to communicate with its shareholders and the market by way of the Annual Report and Audited Financial Statements, by publishing its results on a six-monthly basis during the year, and by way of company announcements to the market in general. The company recognises the importance of maintaining dialogue with the market to ensure that its strategies and performance are well understood and disclosed to the market in a timely manner.

As a source of further information to the market, the company's website (http://mainstreetcomplex.com/investor-relations/) also contains information about the company, its business and developments pertinent to the Main Street Complex.

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code - continued

Principle Eleven: Conflicts of Interest

It is the practice of the Board that when a potential conflict of interest arises in connection with any transaction or other matter, the potential conflict of interest is declared, so that steps may be taken to ensure that such items are appropriately addressed. The steps taken will depend on the circumstances of the particular case, and may include the setting up of *ad-hoc* committees of independent Directors that would assist and monitor management as appropriate in the execution of specific transactions. By virtue of the Memorandum and Articles of Association, the Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the company. A director is not entitled to vote in respect of any contract, arrangement, transaction or proposal in which he has material interest in accordance with the Memorandum and Articles of Association. The Board believes that this is a procedure that achieves compliance with both the letter and rationale of principle eleven. During the period under review, the company did not enter into any material agreements in which any one of the Directors was directly or indirectly interested.

In situations giving rise to potential conflicts of interest, the conflicted Directors are to act in accordance with the majority decision of those Directors who are not conflicted in the proposed contract, transaction or arrangement, and in line with the advice of outside legal counsel where such is solicited.

During the period under review, the company did not enter into any material agreements in which any one of the Directors had a conflict of interest save in the case of the concessions relative to the Bingo and Pull & Bear outlets in respect of which Mario Camilleri and Joseph A. Gasan declared their conflict and did not participate in the vote approving the concessions.

Related Party Transactions

The following are related parties to the company:

- Embassy Limited
- Gasan Group
- the company's Directors ('key management personnel').

The following are related party transactions that the company has entered into during the year under review or otherwise ensuing up until the year under review:

i. transactions with Embassy Limited;
ii. transactions with entities having significant influence over the company;
iii. transactions with the Directors of the company.

These related party transactions which were carried out with related parties related to the following:

Expenditure for services	**2020**	2019
	€	€
Management and administration fees	**32,500**	30,000
Other expenses	**28,626**	32,607

Statement of compliance with the principles of good corporate governance

3. Compliance with the Code - continued

Principle Eleven: Conflicts of Interest - continued

Other than the aforesaid, the Directors are not aware of any related party transactions having been entered into by the company up until the year under review. In particular, the company has not entered into material transactions with key management personnel that would warrant disclosure for the purpose of understanding the company's financial results or financial position. Furthermore, the company has not entered into material transactions with entities in which its key management personnel directly or indirectly have an interest or over which they have direct or indirect influence.

All related party transactions are reported at the meetings of the Audit Committee for review.

Further information on the related party transactions mentioned above may be found in Note 21 to the financial statements.

Principle Twelve: Corporate Social Responsibility

The Directors are committed to high standards of ethical conduct and to contribute to the well-being of the local community and society at large. The company recognises the importance of its role in the corporate social responsibility arena and seeks to ensure that in its operations the environment is respected. The Directors are also aware of the importance of having good relations with stakeholders and strive to work together with them in order to invest in human capital and safety issues and to adopt environmentally friendly responsible practices.

4. Non-Compliance with the Code

The Directors set out below the Code Provisions with which the company does not comply and an explanation as to the reasons for such non-compliance:

Code Provision	Explanation
2.3	With respect to Code Provision 2.3, the Board notes that the Chairman is also an executive member of the Board. However, the Board is of the view that this function of the Chairman does not impinge on his ability to bring to bear independent judgement to the Board.
4.2	The Board has not formally developed a succession policy for the future composition of the Board of Directors as recommended by Code Provision 4.2.7.
7.1	The Board has not appointed a committee for the purpose of undertaking an evaluation of the Board's performance in accordance with the requirements of Code Provision 7.1. The Board believes that the size of the company and the Board itself does not warrant the establishment of a committee specifically for the purpose of carrying out a performance evaluation of its role. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the company's Board is such that it should enable it to evaluate its own performance without the requirement of setting up an *ad-hoc* committee for this purpose. The Board shall retain this matter under review over the coming year.

Statement of compliance with the principles of good corporate governance

4. Non-Compliance with the Code - continued

Code Provision	**Explanation**
8A	The Board has not appointed a Remuneration Committee in line with Code Provision 8A. The Board believes that the size of the company and the Board itself does not warrant the setting up of an ad hoc committee to establish the remuneration packages of individual Directors, and relies on the constant scrutiny of the Board itself, the company's shareholders, the market and the rules by which the company is regulated as a listed company. In addition, the Board took into consideration the fact that the remuneration of the Board is not performance related. The Board intends to keep under review the utility and possible benefits of having a Remuneration Committee in due course.
9.3	There are no formal procedures in place within the company for the resolution of conflicts between minority and controlling shareholders, nor do the Memorandum and Articles of Association of the company contemplate any mechanism for arbitration in these instances.
9.4	The company does not have a policy in place to allow minority shareholders to present an issue to the Board. In practice, however, the open channel of communication between the company and minority shareholders via the Office of the Company Secretary is such that any issue that may merit bringing to the attention of the Board may be transmitted via the Company Secretary, who is in attendance at all meetings of the Board of Directors.

5. Internal control

The Board is ultimately responsible for the company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of the company's system of internal controls. The key features of the company's system of internal control are as follows:

Organisation

The company operates through the Board with clear reporting lines and delegation of powers.

Control Environment

The company is committed to the highest standards of business conduct and seeks to maintain these standards across all its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve its objectives.

Statement of compliance with the principles of good corporate governance

5. Internal control - continued

Risk Identification

Management is responsible for the identification and evaluation of key risks applicable to their respective areas of business.

6. General meetings

The general meeting is the highest decision making body of the company and is regulated by its Articles of Association. All shareholders registered on the register of members of the company on a particular record date are entitled to attend and vote at general meetings. A general meeting is called by twenty-one (21) days' notice, which notice must specify the place, day and hour of the meeting, and in case of special business, the general nature of that business, and shall be accompanied by a statement regarding the effect and scope of such special business. The notice period may be reduced to 14 days if certain conditions are satisfied.

At an Annual General Meeting, what is termed as "ordinary business" is transacted, namely, the declaration of a dividend, the consideration of the financial statements and the reports of the Directors and the auditors, the election of Directors, the appointment of auditors and the fixing of remuneration of Directors and auditors. Other business, which may be transacted at a general meeting (including at the Annual General Meeting), will be dealt with as "Special Business".

The quorum of shareholders required is not less than fifty-one (51%) of the nominal value of the issued share capital in respect of which holders thereof are entitled to attend and vote at the meeting. Voting at any general meeting takes place by a show of hands or a poll where this is demanded. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, each shareholder is entitled to one vote and on a poll, each shareholder is entitled to one vote for each share carrying voting rights of which he is a holder. Shareholders who cannot participate in the general meeting may appoint a proxy by written or electronic notification to the company. Appointed proxy holders enjoy the same rights to participate in the general meeting as those to which the shareholder they represent is entitled. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to the items on the agenda of the general meeting and to have such questions answered by the Directors or such persons as the Directors may delegate for such person.

The Directors' statement of responsibilities for preparing the financial statements is set out on pages 7 and 8.

The information required by Listing Rule 5.97.5, where applicable for the company, is found in the Directors' Report.

Approved by the Board of Directors on 20 April 2021 and signed on its behalf by:

Joseph A. Gasan Director	Etienne Borg Cardona Director

Remuneration report

In terms of Rule 8A.4 of the Code of Principles of Good Corporate Governance contained in Appendix 5.1 of the Listing Rules of the Listing Authority (the "Code"), the company is to include a remuneration statement in its annual report which shall include details of the remuneration policy of the company in respect of the financial packages of members of the Board of Directors and the Chief Executive Officer of the company. During the year under review Bettina Azzopardi acted as Chief Executive Officer pursuant to a management support services agreement entered into between the company and Embassy Limited (C20568), whereby the Main Street Complex and operations relating thereto are managed by Embassy Limited. Accordingly, the remuneration policy of the company is limited to the remuneration that may be paid to members of its Board of Directors.

The company's remuneration of its Directors is based on the remuneration policy adopted and approved by the shareholders of the company at the last annual general meeting held on 29 July 2020 (the "Remuneration Policy"), which remuneration policy was unanimously approved by the shareholders present (in person or by proxy) and voting at the said general meeting. The Remuneration Policy of the company is available for inspection on the company's website on https://mainstreetcomplex.com/investor-relations/.

Remuneration payable to Directors

Fixed remuneration

The remuneration payable to Directors of the company shall consist of fixed remuneration only and shall not include any variable remuneration component based on performance indicators, share-based remuneration, or other pension benefits, deferred consideration or other non-cash benefits.

In addition to fixed remuneration in respect of their position as members of the Board of Directors of the company, individual Directors who are also appointed to chair, or to sit as members of, one or more committees or sub-committees of the company may be entitled to receive additional compensation to occupy such role. To date, no decision to grant such additional compensation has been taken.

In determining the fixed remuneration component payable to Directors, a number of key factors are taken into consideration, including: the level of skills, competencies, expertise and experience required of, and enjoyed by, such individuals; the duties and responsibilities attaching to their position and multiplicity of roles or involvements within the company; and remuneration practices adopted by local companies operating in the same industry sector of like standing, repute, size and complexity, among other factors.

Director service contracts

Each Director is party to a director service contract with the company, which contracts sets out the respective role, responsibilities, duties and applicable remuneration of each Director, as well as the applicable term for which the Directors shall be engaged, which term shall be in accordance with the provisions of the Articles of Association of the company regulating the appointment, resignation and removal of directors of the company.

The Remuneration Policy of the company does not allow the granting to Directors of any entitlement to termination payments or other payments linked to early termination of director service contracts.

Remuneration report - continued

In terms of Listing Rule 12.26K, the company is also required to draw up an annual remuneration report (the “Remuneration Report”), which report is to:
i. provide an overview of the remuneration, including benefits in whatever form, awarded or due to members of the Board of Directors and the CEO (where appointed) during the financial year under review; and
ii. explain whether any deviations from the Remuneration Policy of the company arose.
In this respect, the company is hereby producing its first Remuneration Report following the approval and entry into effectiveness, on 29 July 2020, of the Remuneration Policy described in the preceding sections.

Remuneration paid to Directors in 2020
The remuneration which the individual Directors were entitled to receive during the year under review was as follows:

Name	Position	Remuneration Paid
Joseph A. Gasan	Executive Director and Chairman	€8,000
Mario Camilleri	Executive Director	€8,000
Etienne Borg Cardona	Independent Non-Executive Director	€8,000
Christopher Mifsud	Independent Non-Executive Director	€8,000
Isabella Vella	Independent Non-Executive Director	€8,000

However, in consequence of the onset of the COVID-19 pandemic and its impact on the operations and financial position of the company, the Directors each waived 25% of their remuneration for the financial year under review, such that the remuneration which the individual Directors actually received in respect of the financial year under review was as follows:

Name	Position	Remuneration Paid
Joseph A. Gasan	Executive Director and Chairman	€6,000
Mario Camilleri	Executive Director	€6,000
Etienne Borg Cardona	Independent Non-Executive Director	€6,000
Christopher Mifsud	Independent Non-Executive Director	€6,000
Isabella Vella	Independent Non-Executive Director	€6,000

The remuneration paid to Mr Joseph A. Gasan covers both his role as director and chairman of company. The remuneration paid to the independent non-executive Directors covers both their role as directors of the company and their role as members and/or chairpersons of sub-committees of the Board of Directors of the company.

The aggregate emoluments which may be paid to Directors in any one financial year, and any increases thereto, shall be as determined by the company in general meeting in accordance with Article 20.1 of the Articles of Association of the company. The aggregate remuneration that may be paid to the Directors of the company was last set at €40,000 and has not been the subject of any increase since the admission to listing of the company’s shares on the Official List of the Malta Stock Exchange.

The aggregate emoluments of the Directors in respect of their role as directors of the company and, where applicable, as members of sub-committees of the Board of Directors of the company, amounted to €30,000.

In view of the management structure of the Group, and the fact that the sole asset of the company is the Main Street Complex, the performance of which is dependent on concession income, the Board considers a fixed remuneration to Directors as an appropriate and suitable remuneration package for the Board members in the performance of their duties. Furthermore, the Board of Directors is satisfied that the fixed remuneration for the year under review, had it been accepted in full by the members of the Board, would have been in line with the core principles of the Remuneration Policy applicable during the year under review, including giving due regard to market conditions and remuneration rates offered by comparable organisations for comparable roles.

Remuneration report - continued

Furthermore, such remuneration was consistent with the practice adopted in respect of the determination of the remuneration payable to the members of the Board of Directors in the preceding financial periods.

The Remuneration Policy of the company is intended to provide an over-arching framework that establishes the principles and parameters to be applied in determining the remuneration to be paid to any member of the Board of Directors. The Remuneration Policy is also intended to contribute to the development and attainment of the company's corporate strategy and its long-term success, development and sustainability.

Decision-making with respect to the Remuneration Policy
The Board of Directors is responsible for determining the Remuneration Policy of the company and, acting in its function as the Remuneration Committee, is also responsible for overseeing and monitoring the implementation and ongoing review thereof. The Remuneration Policy is to be reviewed by the Board of Directors regularly, and any material amendments thereto shall be submitted to a vote by the annual general meeting of the company before adoption, and in any case at least every four (4) years.

In evaluating whether it is necessary or beneficial to supplement or otherwise alter the Remuneration Policy of the company, the Board of Directors shall have regard to, inter alia, best industry and market practice on remuneration, the remuneration policies adopted by companies operating in the same industry sectors, as well as legal and, or statutory rules, recommendations or guidelines on remuneration, including but not limited to the Code of Principles of Good Corporate Governance contained in Appendix 5.1 of the Listing Rules of the Listing Authority.

Whilst members of the Board of Directors may be present while his/her remuneration as a Director or sub-committee member is being discussed at a meeting of the Board of Directors, no Director may be present while his/her remuneration as aforesaid is being voted upon.

The contents of the Remuneration Report have been reviewed by the external auditor of the company for the purpose of verifying that the information required in terms of Chapter 12 of the Listing Rules (including Appendix 12.1) has been included.

Joseph A. Gasan
Chairman

Independent auditor's report

To the Shareholders of Main Street Complex 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 Main Street Complex p.l.c. (the company) as at 31 December 2020, 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

Main Street Complex p.l.c.'s financial statements, set out on pages 34 to 58, comprise:

- the statement of financial position as at 31 December 2020;
- the 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.

Independent auditor's report - continued

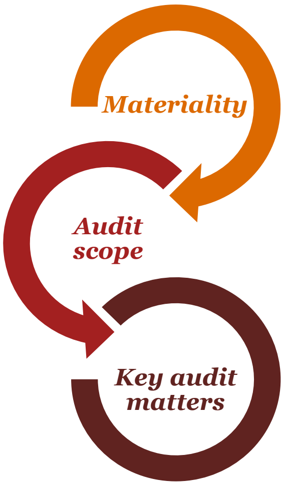
To the Shareholders of Main Street Complex p.l.c.

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 2020 to 31 December 2020, are disclosed in Note 13 to the financial statements.

Our audit approach

Overview



Overall materiality: €11,200, which represents 5% of profit before tax.

Valuation of property, plant and equipment.

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.

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Independent auditor's report - continued

To the Shareholders of Main Street Complex p.l.c.

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	€11,200
How we determined it	5% of profit before tax
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 chose 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 €1,100 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 property, plant and equipment	
The company's property comprises the Main Street Complex, having a carrying amount of €12.8 million. The property, which leases units primarily for retail activity, was revalued by an independent professionally qualified valuer in previous years. Following the Directors' valuation assessment as at 31 December 2020, of whether any significant changes occurred since the last external valuation, no revaluation adjustment was required. As explained in Note 4 to the financial statements, the valuation was determined using discounted cash flow projections. The most significant estimates and judgements affecting these valuations include the projected EBITDA, the growth rate and the discount rate. The valuation considers the agreements in hand as well as possible future concession income streams that are comparable to market.	We agreed the property information in the valuation to the underlying property records held by the company. We tested the data inputs, including the concession income by agreeing it to supporting concession agreements and documentation. We understood the methodology, tested the accuracy of the workings within the valuation model, and challenged the assumptions to ensure that they apply for the year under review. We engaged our own in-house valuation experts to review and challenge the valuation approach and assumptions for the property.

Independent auditor's report - continued

To the Shareholders of Main Street Complex p.l.c.

Key audit matter	How our audit addressed the key audit matter
We focused on this area because of the significance of the carrying amount of the property in the company's statement of financial position and the judgemental nature of the assumptions used in the valuation model. The existence of significant estimates referred to previously could result in material misstatement, which is why we have given specific focus and attention to this area.	We discussed the valuations with the Audit Committee and concluded, based on our audit work, that the parameters utilised by the company were reasonable. Our discussions with the Audit Committee and the Directors in respect of this key audit matter focused on the key assumptions. The appropriateness of disclosures made in this respect was also reviewed.

Other information

The Directors are responsible for the other information. The other information comprises all of the information in the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do 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, 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.

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.

Independent auditor's report *- continued*

To the Shareholders of Main Street Complex p.l.c.

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

The Annual Report and Financial Statements 2020 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 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 Report and Financial Statements 2020* and the related Directors' responsibilities	**Our responsibilities**	**Our reporting**
Directors' report (on pages 2 to 9) 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.

Independent auditor's report - *continued*

To the Shareholders of Main Street Complex p.l.c.

Area of the *Annual Report and Financial Statements 2020* and the related Directors' responsibilities	Our responsibilities	Our reporting
Statement of compliance with the principles of good corporate governance (on pages 10 to 21) The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in the Annual Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Listing Rules. The Statement's required minimum contents are determined by reference to Listing 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.	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 Listing Rules 5.97.4 and 5.97.5, 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 Listing 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.	In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority. We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
Remuneration report (on pages 22 to 24) The Listing Rules issued by the Malta Listing Authority require the directors to prepare a Remuneration report, including the contents listed in Appendix 12.1 to Chapter 12 of the Listing 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 Listing Rules, has been included.	In our opinion, the Remuneration report has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

Independent auditor's report - continued

To the Shareholders of Main Street Complex p.l.c.

Area of the *Annual Report and Financial Statements 2020* and the related Directors' responsibilities	Our responsibilities	Our reporting
	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 also have responsibilities under the Listing Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.	We have nothing to report to you in respect of these responsibilities.

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.

Independent auditor's report - *continued*

To the Shareholders of Main Street Complex p.l.c.

Appointment

We were first appointed as auditors of the company for the period ending 30 April 2005. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 16 years. The company became listed on a regulated market on 30 May 2018.

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

Lucienne Pace Ross
Partner

20 April 2021

Statement of financial position

	Notes	As at 31 December 2020 €	2019 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**12,793,613**	12,894,664
Current assets			
Trade and other receivables	6	**213,082**	280,333
Cash and cash equivalents	7	**255,228**	258,017
Total current assets		**468,310**	538,350
Total assets		**13,261,923**	13,433,014
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	8	**1,938,462**	1,938,462
Share premium	9	**2,876,923**	2,876,923
Revaluation reserve	10	**5,828,609**	5,814,177
Retained earnings		**1,025,473**	1,040,905
Total equity		**11,669,467**	11,670,467
Non-current liabilities			
Deferred tax liability	5	**1,269,695**	1,284,127
Total non-current liabilities		**1,269,695**	1,284,127
Current liabilities			
Trade and other payables	11	**236,108**	374,809
Current tax liabilities		**86,653**	103,611
Total current liabilities		**322,761**	478,420
Total liabilities		**1,592,456**	1,762,547
Total equity and liabilities		**13,261,923**	13,433,014

The notes on pages 38 to 58 are an integral part of these financial statements.

The financial statements on pages 34 to 58 were authorised for issue by the Board of Directors on 20 April 2021 and were signed on its behalf by:

Joseph A. Gasan
Director

Etienne Borg Cardona
Director

Statement of comprehensive income

		Year ended 31 December	
	Notes	**2020** **€**	2019 €
Revenue	12	**517,469**	819,540
Operating expenses	13	**(76,578)**	(90,427)
Depreciation	13	**(102,125)**	(102,018)
Administrative expenses	13	**(113,444)**	(109,715)
Operating profit		**225,322**	517,380
Finance costs	15	**(1,220)**	(1,181)
Finance income		**-**	129
Profit before tax		**224,102**	516,328
Tax expense	16	**(79,698)**	(125,286)
Profit for the year		**144,404**	391,042
Earnings per share	17	**0.007**	0.020

The notes on pages 38 to 58 are an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital €	Share premium €	Revaluation reserve €	Retained earnings €	Total equity €
Balance at 1 January 2019		1,938,462	2,876,923	5,814,177	1,000,821	11,630,383
Comprehensive income						
Profit for the period		-	-	-	391,042	391,042
Transactions with owners						
Dividends paid	18	-	-	-	(350,958)	(350,958)
Balance at 31 December 2019		1,938,462	2,876,923	5,814,177	1,040,905	11,670,467
Balance at 1 January 2020		1,938,462	2,876,923	5,814,177	1,040,905	11,670,467
Comprehensive income						
Profit for the period		-	-	-	144,404	144,404
Other comprehensive income						
Movement in deferred tax	5	-	-	14,432	-	14,432
Total comprehensive income		-	-	14,432	-	158,836
Transactions with owners						
Dividends paid	18	-	-	-	(159,836)	(159,836)
Balance at 31 December 2020		**1,938,462**	**2,876,923**	**5,828,609**	**1,025,473**	**11,669,467**

The notes on pages 38 to 58 are an integral part of these financial statements.

Statement of cash flows

	Notes	2020 €	2019 €
		Year ended 31 December	
Cash flows from operating activities			
Cash generated from operations	19	**245,392**	561,778
Interest paid	15	**(1,220)**	(1,181)
Interest received		**-**	129
Net tax paid		**(96,656)**	(109,634)
Net cash generated from operating activities		**147,516**	451,092
Cash flows from financing activities			
Dividends paid	18	**(159,836)**	(350,958)
Movement in related party balances	11	**10,605**	43,455
Net cash used in financing activities		**(149,231)**	(307,503)
Cash flows from investing activities			
Additions to property, plant and equipment	4	**(1,074)**	(5,856)
Net cash used in investing activities		**(1,074)**	(5,856)
Net movement in cash and cash equivalents		**(2,789)**	137,733
Cash and cash equivalents at beginning of year		**258,017**	120,284
Cash and cash equivalents at end of year	7	**255,228**	258,017

The notes on pages 38 to 58 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

These 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). The financial statements have been prepared under the historical cost convention.

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).

Standards, interpretations and amendments to published standards effective in 2020

In 2020, the company adopted amendments to existing standards that are mandatory for the company's accounting year beginning on 1 January 2020. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the company's accounting policies.

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 2020. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's 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.

1.2 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 euro 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. 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. **Summary of significant accounting policies** - continued

1.3 Property, plant and equipment

All property, plant and equipment, is initially recorded at cost. Land and buildings are subsequently stated at market value, based on valuations by external independent valuers, less depreciation. Valuations of land and buildings are carried out regularly, 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. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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. 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 individual asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged to profit or loss, and then reflected in other comprehensive income and shown as a revaluation reserve.

An external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the company's property portfolio at periodical intervals. The fair values are based on market values, being the estimated amount or price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risk inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Land is not depreciated as it is deemed to have an indefinite life. 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 life. Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

	%
Land and buildings	1
Improvements to premises	5
Plant, machinery and equipment	5 - 25
Furniture, fixtures and fittings	10 - 20

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

1. Summary of significant accounting policies - continued

1.4 Financial assets

The company classifies its financial assets in the following measurement categories;

- those to be measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

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 settlement date, the date on which an asset is delivered to or by the company. 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.

Measurement

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. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss, subject to materiality.

1. **Summary of significant accounting policies** - continued

1.4 Financial assets - continued

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as a separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (See Note 2.1 for further information).

For all others financial assets that are subject to impairment under IFRS 9, the company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit impaired on initial recognition is classified in stage 1.

Financial assets in stage 1, have their expected credit loss measured at amount equal to the portion of lifetime expected credit loss that results from default events possible within the next 12 months, or until contractual maturity if shorter. If the company identifies a significant increase in credit risk since initial recognition, the asset is transferred to stage 2 and its expected credit loss is measured on a lifetime basis, that is up until contractual maturity. If the company determines that a financial asset is credit impaired, the asset is transferred to stage 3 and the expected credit loss is measured on a lifetime credit loss basis.

1. Summary of significant accounting policies - continued

1.5 Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, i.e. expected credit loss allowance. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within 'administrative expenses'. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

Impairment of financial assets is described in Note 1.4 above.

1.6 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.7 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.

1.8 Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.9 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1. Summary of significant accounting policies - continued

1.10 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried 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 end of the reporting period.

1.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.12 Current and deferred tax

The tax expense for the year 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 substantively 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.

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 income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.13 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1. **Summary of significant accounting policies** - continued

1.14 Revenue recognition

Revenues include all revenues from the ordinary business activities. Ordinary activities do not only refer to the core business but also to other recurring sales of goods or rendering of services. Revenues are recorded net of value added tax, rebates and discounts.

(a) Sales of services

Revenue from services is generally recognised in the period in 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.

(b) Property related income

Concession income receivable and premia charged are recognised in the period when the property is occupied, and is credited to profit or loss on a straight-line basis over the period of the leases to which they relate.

(c) Interest income

Interest income is recognised for all interest-bearing instruments on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1.15 Leases

(a) Where the company is a lessor

Assets leased out under operating leases are mainly being leased to related and other third parties, with other assets being included in property, plant and equipment in the statement of financial position. The latter are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Concession income is recognised in profit or loss on a straight-line basis over the period of the lease.

1.16 Finance costs

Finance costs are recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective yield method. Finance costs includes the effects of amortising any difference between net proceeds and redemption value in respect of the company's borrowings. Finance costs are charged against income without restrictions. No borrowing costs have been capitalised.

1.17 Dividends

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.

1. Summary of significant accounting policies - continued

1.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

1.19 Earnings per share

The company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

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 foreign exchange 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 does not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

The Board of Directors provides principles for overall company risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

All the assets and liabilities of the company are denominated in the functional currency and accordingly, the company is not exposed to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The company does not have significant interest-bearing assets, and its income and operating cash flows are substantially independent of changes in market interest rates. Management monitors the level of floating rate as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central bank.

Based on this, 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.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The maximum exposure to credit risk at the reporting date was:

	2020	2019
	€	€
Loans and receivables category		
Trade and other receivables (Note 6)	**203,070**	269,800
Cash and cash equivalents (Note 7)	**255,228**	258,017
	458,298	527,817

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The company does not hold any significant collateral as security in this respect. The figures disclosed in the table above in respect of trade and other receivables exclude prepayments and deferred expenditure.

Trade and other receivables

The company assesses the credit quality of its trade customers, the majority of which are unrated, taking into account financial position, past experience and other factors. The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. It has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. The company's management monitors the performance of its trade and other receivables on a regular basis to identify expected collection losses, which are inherent in the company's receivables, taking into account historical experience in collection of accounts receivable. The company's trade receivables which are not impaired financial assets are principally debts in respect of transactions with customers for whom there is no history of default.

Impairment of trade and other receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

In measuring the expected credit losses on trade receivables, the expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. 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. The company adjusts the historical loss rates based on expected changes in these factors.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables.

Following the outbreak of COVID-19, the company has monitored information available on macroeconomic factors, affecting repayment ability, as well as the actual and projected impact of the pandemic on the business model of the customers serviced by the company. Payment patterns attributable to the company's customers post COVID-19 outbreak was thoroughly and regularly assessed to determine whether any deterioration in collection rates was being experienced. The company determined that the expected credit losses have not materially changed taking cognisance of the projected impact on the repayment ability of the company's customers, the repayment pattern actually experienced, and the estimated life of receivables.

Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables. The company considers that there is evidence of impairment if any of the following indicators is present:
- significant financial difficulties of the debtor,
- probability that the customer will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 90 days overdue).

The closing loss allowances for trade receivables as at 31 December 2020 and 2019 reconcile to the opening loss allowances as follows:

	2020	2019
	€	€
Change in loss allowances recognised in profit or loss during the year	**8,494**	-
Balance at 31 December	**8,494**	-

The company established an allowance for impairment that represented its estimate of expected credit losses in respect of trade and other receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations.

Cash and cash equivalents

The company principally banks with local financial institutions with high quality standing or rating.

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

2. **Financial risk management** - continued

2.1 Financial risk factors - continued

(c) Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables (refer to Note 11). 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 over a twelve month period detailed by the company's segments to ensure that no additional financing facilities are expected to be required over the coming year.

Moreover, annual detailed cash flow projections are prepared to assess the matching of cash inflows and outflows arising from expected maturities of financial instruments. The company manages its liquidity risk through this continuous assessment, coupled with the company's committed borrowing facilities (that it can access) to meet liquidity needs as referred to previously.

The following table analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount €	Contractual cash flows €	Within one year €
31 December 2020			
Trade and other payables	**236,108**	**236,108**	**236,108**
31 December 2019			
Trade and other payables	374,809	374,809	374,809

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 benefits for other stakeholders and to ensure that borrowings are adequately serviced and repaid on their contractual maturity date. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

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. In view of the nature of the company's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the Directors.

2. **Financial risk management** - continued

2.3 Fair value estimation

At 31 December 2020 and 2019 the carrying amounts of cash and cash equivalents, receivables, and payables are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

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.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The company's management also makes judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements, which have been highlighted above, 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, the land and buildings class of property, plant and equipment is fair valued on the basis of future 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 including improvements to premises €	Plant, machinery and equipment €	Furniture, fixtures and fittings €	Total €
At 1 January 2019				
Cost or valuation	12,935,673	623,265	352,512	13,911,450
Accumulated depreciation	(79,573)	(491,657)	(349,394)	(920,624)
Net book amount	12,856,100	131,608	3,118	12,990,826
Year ended 31 December 2019				
Opening net book value	12,856,100	131,608	3,118	12,990,826
Additions	-	-	5,856	5,856
Depreciation charge	(79,574)	(21,227)	(1,217)	(102,018)
Closing net book amount	12,776,526	110,381	7,757	12,894,664
At 31 December 2019				
Cost or valuation	12,935,673	623,265	358,368	13,917,306
Accumulated depreciation	(159,147)	(512,884)	(350,611)	(1,022,642)
Net book amount	12,776,526	110,381	7,757	12,894,664
Year ended 31 December 2020				
Opening net book value	12,776,526	110,381	7,757	12,894,664
Additions	-	-	1,074	1,074
Depreciation charge	(79,574)	(21,227)	(1,324)	(102,125)
Closing net book amount	**12,696,952**	**89,154**	**7,507**	**12,793,613**
At 31 December 2020				
Cost or valuation	12,935,673	623,265	359,442	13,918,380
Accumulated depreciation	(238,721)	(534,111)	(351,935)	(1,124,767)
Net book amount	**12,696,952**	**89,154**	**7,507**	**12,793,613**

The company operates Main Street Complex, a fully serviced shopping complex, 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 concessionaires as a whole. Accordingly, the shopping complex is treated as property, plant and equipment under the requirements of IAS 16 rather than investment property under IAS 40.

Fair value of land and buildings

The land and buildings within property, plant and equipment were revalued on 31 December 2017 by an independent firm of property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued. The Directors have reviewed the carrying amounts of the property as at 31 December 2020, on the basis of the assessments carried out by the independent property valuers. No adjustments to the carrying amounts were deemed necessary during the current financial year.

4. Property, plant and equipment - continued

The company is required to disclose fair value measurements by level of the following fair value measurement hierarchy for non-financial assets carried at fair value:
- Quoted prices (unadjusted) in active markets for identical assets (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3).

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

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

Valuation process and techniques

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

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

The valuation was determined using discounted cash flow projections considering, *inter alia*, the projected future earnings from the Complex, in the main based on current concession agreements, its ongoing maintenance needs, and other relevant market factors. Accordingly, the significant unobservable inputs applied in the company's valuation are the following:
- Earnings before interest, tax, depreciation and amortisation (EBITDA): which is based on the company's existing concession income streams less operating costs (before depreciation) which include marketing and maintenance expenses.
- Growth rate, at an average of 2.5% (2019: 2.5%): represents the estimated average growth of the company's concession income.
- A discount rate of 6% (2019: 6%) was applied in estimating the net present value of the projected operating future cash flows of the property. This discount rate is principally based on the weighted average of the cost of debt, current market risk free rates, an equity market risk premium and other risk premiums attached to an investment in the property being valued including any element of projection risk inherent in the projected future cash flows.

Generally, an increase in the EBITDA and the growth rate will result in an increase to the fair value of the property. Conversely, a lower discount rate will give a higher fair value.

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

Historical cost of land and buildings

The carrying value of land and buildings would have been as follows had these assets been included in the financial statements at cost less depreciation:

	2020	2019
	€	€
Cost	**6,572,551**	6,572,551
Accumulated depreciation	**(949,832)**	(870,258)
	5,622,719	5,702,293

5. Deferred taxation

	2020	2019
	€	€
Deferred tax liability		
At beginning of year	**1,284,127**	1,284,127
Deferred tax on movement for the year (Note 10)	**(14,432)**	-
At beginning of year	**1,269,695**	1,284,127

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2019: 35%), except for deferred taxation on the fair valuation of property which is computed on the basis applicable to disposals of immovable property, i.e. tax rate of 10% (2019: 10%) of the transfer value.

The balance at 31 December represents temporary differences attributable to:

	2020	2019
	€	€
Property, plant and equipment	**-**	9,440
Fair valuation of property	**(1,269,695)**	(1,293,567)
Deferred tax liability	**(1,269,695)**	(1,284,127)

Deferred taxation is principally composed of deferred tax assets and liabilities which are to be mainly recovered and settled after more than twelve months.

6. Trade and other receivables

	2020	2019
	€	€
Current		
Trade receivables - gross	**197,278**	259,120
Expected credit loss allowance	**(8,494)**	-
Trade receivables - net	**188,784**	259,120
Other receivables	**14,286**	10,680
Prepayments	**10,012**	10,533
	213,082	280,333

7. Cash and cash equivalents

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

	2020	2019
	€	€
Cash at bank	**255,228**	258,017

8. Share capital

	2020	2019
	€	€
Authorised share capital		
50,000,000 ordinary shares of €0.10 each	**5,000,000**	5,000,000
Issued and fully paid share capital		
19,384,619 ordinary shares of €0.10 each	**1,938,462**	1,938,462

9. Share premium

	2020	2019
	€	€
At end of year	**2,876,923**	2,876,923

The share premium arose on the issue of 5,230,769 ordinary shares at a premium of €0.55.

10. Revaluation reserve

	2020	2019
	€	€
Year ended 31 December		
At beginning of year	**5,814,177**	5,814,177
Deferred tax on movement for the year (Note 5)	**14,432**	-
At beginning of year	**5,828,609**	5,814,177

The revaluation reserve is a non-distributable reserve.

11. Trade and other payables

	2020	2019
	€	€
Current		
Trade payables	**79,572**	54,718
Amounts owed to related parties	**24,603**	13,998
Accruals	**108,656**	260,716
Indirect taxes and social security	**23,277**	45,377
	236,108	374,809

Amounts owed to related parties are unsecured, interest free and repayable on demand.

12. Revenue

All the company's revenue relates to concession income for the management and short term lets of the Main Street Complex in Paola, Malta.

The company primarily operates in one segment that comprises granting of concessions of outlets or spaces in the Complex against an agreed annual rate, and in some cases, a fee payable based on a percentage of the concessionaire's turnover, which activities are substantially subject to the same risks and returns. Accordingly, the presentation of segment information required by IFRS 8, Operating segments, within these financial statements is not deemed applicable.

13. Expenses by nature

	2020	2019
	€	€
Depreciation of property, plant and equipment (Note 4)	**102,125**	102,018
Administrative and management fees	**32,500**	30,000
Other expenses	**157,522**	170,142
Total operating expenses, depreciation, and administrative expenses	**292,147**	302,160

Auditor's fees:

Included in other expenses are fees charged by the auditor to the company for services rendered during the financial periods ended 31 December 2020 and 2019. These relate to the following:

	2020	2019
	€	€
Annual statutory audit	**6,000**	6,000
Other assurance services	**2,175**	2,000
Tax advisory and compliance services	**1,750**	3,656
	9,925	11,656

14. Directors' fees

	2020	2019
	€	€
Directors' fees	**30,000**	40,000

15. Finance costs

	2020	2019
	€	€
Bank charges and interest	**1,220**	1,181

16. Tax expense

	2020	2019
	€	€
Current tax expense	**79,698**	125,286

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

	2020	2019
	€	€
Profit before tax	**224,102**	516,328
Tax at 35%	**78,436**	180,715
Unrecognised deferred tax	**3,755**	25,127
Income taxed at different rates	**(101,291)**	(161,471)
Expenses not allowed for tax purposes	**98,798**	80,915
Tax expense	**79,698**	125,286

17. Earnings per share

Earnings per share is based on the net profit for the year divided by the weighted average number of ordinary shares in issue during the year. The diluted earnings per share is equal to the basic earnings per share.

	2020	2019
Net profit attributable to shareholders	**€144,404**	€391,042
Weighted average number of ordinary shares in issue	**19,384,619**	19,384,619
Earnings per share	**€0.007**	€0.020

18. Dividends

	2020 €	2019 €
Net dividends paid on ordinary shares	**159,836**	350,958
Dividends per share	**0.008**	0.018

During 2020 total dividends amounting to €159,836 were distributed and paid by the company. These were made up of a final net dividend in respect of the year ended 31 December 2019.

19. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	2020 €	2019 €
Operating profit	**225,322**	517,380
Adjustment for:		
Depreciation of property, plant and equipment (Note 4)	**102,125**	102,018
Expected credit loss allowance (Note 6)	**8,494**	-
Changes in working capital:		
Trade and other receivables	**58,757**	(131,102)
Trade and other payables	**(149,306)**	73,482
Cash generated from operations	**245,392**	561,778

20. Commitments

Operating lease commitments - where the company is the lessor

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

	2020	2019
	€	€
Not later than 1 year	**632,203**	638,202
Later than 1 year and not later than 5 years	**1,560,166**	1,843,573
Later than 5 years	**15,897**	243,768
	2,208,266	2,725,543

21. Related party transactions

The company has related party relationships with Embassy Limited, (its former parent) and all entities ultimately controlled by it are still considered to be related parties, in view of Embassy Limited' s interest in the company. Gasan Group is also considered to be a related party of the company, in view of the fact that Joseph A. Gasan, the Executive Director and Chairman, is the ultimate controlling party of the Group. Related entities ultimately controlled by Embassy Limited and Gasan Group, together with the company's Directors ('key management personnel') are also considered to be related parties.

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

	2020	2019
	€	€
Expenditure for services		
Management and administration fees	**32,500**	30,000
Other expenses	**28,626**	32,607

Except for Directors' fees (Note 14) the company has not entered into material transactions with key management personnel which would warrant disclosure thereof for the purpose of understanding the company's financial results or its financial position. Also, the company has not entered into material transactions with entities in which its key management personnel directly or indirectly have an interest or over which they have direct or indirect influence. Any such transactions would constitute normal operating transactions under normal market and commercial terms relating to provision of operational services by the company, and would not comprise financing transactions.

Year-end balances with related parties, arising principally from transactions referred to previously, are disclosed in Note 11 to these financial statements.

22. Statutory information

Main Street Complex p.l.c. is a public liability company and is incorporated in Malta.