Malta Properties

Annual Report and Consolidated Financial Statements

31 December 2023

Company Registration Number C 51272

Contents

Readers are reminded that the official statutory Annual Financial Report 2023, authorised for issue by the Board of Directors, is in European Single Electronic Format (ESEF) and is published on www.maltaproperties.com.mt. A copy of the Independent auditor’s report issued on the official statutory Annual Financial Report 2023, is included within this printed document and comprises the auditor’s report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the ESEF RTS), by reference to Capital Markets Rule 5.55.6.

Chairman’s message

Dear Shareholders,

It is with great privilege that I address you as the newly appointed Chairman of Malta Properties Company p.lc. and provide my inaugural review for the financial year 2023. This year has brought both challenges and successes, and I am honoured to share our progress and strategic outlook.

In my brief tenure as Chairman, I have witnessed Malta Properties demonstrate remarkable financial strength and operational excellence. The growth in revenues and operating profits are testament to the strength of our business and the unwavering dedication of our executive team. The Board is committed to fostering a culture of financial prudence and operational efficiency to safeguard the long-term prosperity of our company.

Our strategic initiatives, particularly the completion of The Exchange project, showcase our commitment to enhancing the value of our portfolio. The addition of prestigious tenants, such as the Building and Construction Authority (BCA) and the Older Persons Standard Authority, is a positive indicator of the market's response to our redevelopment efforts. The Board is supportive of such initiatives and remains focused on optimising our portfolio for sustained growth.

Challenges persist within the office sector, necessitating a proactive, yet prudent approach. The Board fully endorses the outlined strategies to address lease expirations, enhance tenant experiences and adapt our properties to meet evolving market demands. We believe in the resilience of Malta Properties and are confident in our ability to navigate these market dynamics successfully.

Upholding robust governance practices and fostering transparent communication with shareholders and stakeholders are top priorities for the Board. We deeply value the trust and confidence you place in us and are resolute in upholding the highest standards of corporate governance. The Board welcomes active engagement with our shareholders as we collectively work towards the growth and prosperity of Malta Properties.

Looking ahead, the Board remains optimistic about the future trajectory of our company. The foundations of the business and the dedication of the team, position us favourably for continued success. I extend my gratitude to the management team for their steadfast commitment and strategic foresight. Additionally, I express my sincere appreciation to our shareholders for your ongoing support, which is vital to the sustained success of Malta Properties.

As Chairman, I am committed to steering our company towards new heights and ensuring that Malta Properties remains a beacon of success in the real estate sector in Malta.

Sincerely,

Nasser Al Awadhi
Chairman of the Board of Directors
Malta Properties Company p.l.c.

Chief Executive Officer’s review

I am delighted to present the Annual Report for Malta Properties Company p.l.c. (MPC), covering our performance and key milestones in 2023. Despite the changed real estate landscape since the COVID-19 pandemic, I am pleased to report another year of strong financial performance for our company.

In 2023, Malta Properties continued its positive trajectory with notable growth in both revenues and operating profits. Our commitment to high quality properties and operational efficiency resulted in a 19% increase in revenues, reaching EUR 5.0 million, and a 26% rise in operating profits, now standing at EUR 3.4 million. This financial success is a testament to the resilience and adaptability of our business in the face of evolving market conditions. The improved operations have also led to the strengthening of our balance sheet, with net debt/EBITDA being maintained at around 6.4x.

The growth in revenues in 2023 was supported by the commencement of rental income from our property in Spencer Hill, Marsa, that was named The Exchange. The first phase of the renovation of The Exchange is now complete and we are proud of the result, a restored heritage building that has been fully modernised. We were delighted to welcome the Building and Construction Authority (BCA) as the first tenant of this property in 2023. Additionally, we recently reached an agreement with the Older Persons Standards Authority to become the second tenant in this property, with the lease that commenced in the first quarter of 2024.

The company anticipates that the positive trends witnessed to persist into 2024. The macroeconomic landscape of the country remains robust, providing a solid foundation for our operations. Nonetheless, we acknowledge challenges within the office sector, characterised by a notable increase in supply alongside evolving tenant needs following the COVID-19 pandemic. Furthermore, numerous leases are nearing termination over the coming 18 months, prompting us to adopt a cautious approach.

In response to these challenges, we are implementing targeted strategies to address lease expirations and enhance the overall tenant experience. Our proactive lease management approach aims to secure favourable renewals, attract new tenants and optimise the utilisation of our office spaces. Additionally, we continue to explore innovative ways to adapt our properties to meet evolving market demands, ensuring they remain competitive and attractive to a diverse range of tenants. Over the coming year, our focus will be on attracting new tenants and upholding a high level of customer service.

Our proactive stance, the calibre of our tenants and our strong balance sheet, positions us well to weather uncertainties and capitalise on emerging trends. The dedication of our team and the excellent relationships with our tenants gives us confidence in our ability to navigate the evolving real estate landscape.

I would like to express my sincere appreciation to our shareholders for your continued trust and support. The collective efforts of our team, combined with your support, are integral to our sustained success. As we look forward to the opportunities and challenges of the upcoming year, we remain committed to delivering value and driving the growth of Malta Properties.

Sincerely,

Mohsin Majid
Chief Executive Officer
Malta Properties Company p.l.c.

Directors' report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2023.

Principal activities

The main activity of the Group and the Company is property investment and development. The Company may, inter alia, directly or through subsidiary companies, acquire by any title whatsoever, and take on lease or sub-lease and dispose of, grant and/or lease and hold property of any kind, whether movable or immovable for the purposes of its business, and construct, develop and enter into arrangements with contractors and other service providers in connection with its properties.

As the holding company of the Malta Properties Company p.l.c. (MPC) Group, the Company is ultimately dependent upon the operations and performance of its subsidiaries and their respective operations.

Review of the business

Review of Group operations

In 2023, MPC continued its positive trajectory with growth in both revenues and operating profits. The Group also continued investing in its properties in its quest to enhance its portfolio of quality assets. Through development and renovation investments, the property portfolio value increased by 6.67% over 2022. This included the completion of the first phase of the renovation of 'The Exchange' at the Group's Spencer Hill property, contributing to an increase in revenue for 2023. We are proud of the result, a restored heritage building that has been fully modernised.

Performance

The Group's total income for the year amounted to €5.02 million, an increase of 18.9% over that of the previous year, when total income was of €4.22 million. As aforementioned, this increase resulted partly from new rental income received from 'The Exchange' in Marsa. Additionally, a full year's rent was received from the Group's largest asset, the Zejtun Complex and Data Centre, which is tenanted by GO p.l.c.. During the year, no rental income was received from the B'Kara Old Exchange following its sale in 2022.

At the end of the year, the Group's earnings before interest, taxation, depreciation and amortisation (EBITDA) saw an increase of 24.6% over that of the previous year and stood at €3.44 million (2022: €2.76 million). Administrative expenses increased by 8.16% and amounted to €1.59 million in line with 2021 levels (2022: €1.47 million). The increase in administrative expenses related to higher professional fees, employee benefit expenses, directors' fees, AGM and shareholder expenses, repairs and maintenance costs and travelling and accommodation costs. Profit before tax more than doubled and reached €3.33 million (2022: €1.65 million), an increase of €1.68 million, which mainly resulted from an increase in revenue, as already detailed above, and an increase in fair value gains, compared to a fair value loss in 2022. The Group generated finance income by securing fixed deposits and incurred higher finance costs, mainly due to the increased borrowings interest rates and a full year of bond interest.

Consequently, profit for the year reached €2.06 million (2022: €0.14 million), an improvement of circa €2 million over the previous year which resulted from higher revenue and fair value gains in 2023. Earnings per share increased to €0.020 (2022: €0.001).

Revenue in 2024 is projected to increase as new tenants occupy The Exchange and Ta' Xbiex properties, which will be partially offset by the decrease in revenue from HSBC Global Services UK which will be exiting the Swatar property in Q4 of 2024. This property will be undergoing some changes to accommodate new tenants and therefore, a vacancy period is expected during Q4.

Financial position

The financial position of the Group remains a strong one, with the Group's total non-current assets standing at €88.27 million at year end (2022: €82.74 million). Predominantly, this increase is the capital expenditure on the renovation of The Exchange building during the year. Current assets as at year end decreased to €10.81 million (2022: €19.38 million), given that capital expenditure incurred during the year was paid through the Group's own funds.

During 2023, the Group made additional bank repayments of circa €4 million from the proceeds it had received from the sale of the B'Kara Old Exchange site in 2022. As at 31 December 2023, the Group's gearing ratio, measured as borrowings to equity, stood at 0.55 (2022: 0.64).

Risk analysis

The Group's risks can be analysed into three categories: strategic risk, operational risk and financial risk. Below is a description of each of these risks and the mitigating factors in place:

Risk	*Description*	*Mitigating factors*
Strategic risk	This risk relates to the value of the Group's assets and the local property market in general.	-The Group has strict guidelines on quality and valuation of any acquired property. - As at year end, the Group's properties were fully rented out to various tenants except for those sites where refurbishment is in progress. Some areas within the Marsa Spencer Hill and Ta' Xbiex properties are being renovated, to accommodate new or prospective tenants. - The medium to long term leases on the various properties help shield the Group from any potential unforeseen circumstances and allow it to carry out its operations in a stable manner.
Operational risk	This risk relates to the timely execution of the redevelopment pipeline.	- Project management is carried out by professionals and experts in the field at each of the sites being developed or renovated. - The Group engages some of the top contractors and consultants. - Contracts include penalties for contractors not delivering within the agreed timeframes. - Constant monitoring of project timelines and critical paths.
Financial risk	This risk mainly relates to the fluctuation in interest rates and refinancing risk.	- The Group is exposed to floating interest payments on bank borrowings for the purchase of the Ta' Xbiex property. During the year, a repayment of circa €4 million was made on this loan and as at 31 December 2023 the loan balance amounted to €1,778,259. The loan is being repaid in instalments on a quarterly basis by the end of 2027. Therefore, the Group is exposed to fluctuation in interest rates over the coming 4 years. - The balance of the bank loan taken in 2020 for the purchase of the Swatar property stood at €4,790,775 as at year end and is being repaid on a half year basis over a term of 12 years. The loan is at a fixed interest rate for the first four years. Therefore, the Group will be exposed to fluctuation in interest rate towards the end of 2024. - In 2022, the Group issued 25,000,000 secured bonds at a fixed coupon interest of 4.0% payable annually. - Further details relating to borrowings are disclosed in Note 13 while details relating to financial risks are disclosed in Note 2 to the financial statements.

The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has shown to be resilient in its business operations. As explained in the investment property note (Note 6), MPC's income is secured for the medium to the long term by lease agreements in place. Malta is currently experiencing an uncertain and unpredictable commercial real estate market with high inflationary conditions and this has led to valuation uncertainty. However, most of the Group's properties are leased to tenants which are considered to be reliable in terms of financial stability and performance. Particularly, some of the properties consist of purpose-built buildings to serve the specific tenant. The company will continue to monitor closely how the market evolves and MPC's strategy will be adapted accordingly.

Results and dividends

The results of the Group and the Company are set out in the respective Income Statement. The Directors recommend that at the forthcoming Annual General Meeting, the shareholders approve the payment of a net dividend of €0.014 per share after taxation (2022: €0.013 per share) – such dividend to be payable after shareholder approval at the AGM.

Retained earnings, consisting of both distributable and non-distributable reserves, amounting to €23,715,510 (2022: €22,969,616) of the Group and €4,817,108 (2022: €5,835,345) of the Company are being carried forward to the next financial year.

Directors

The Directors of the Company who held office during the year were:

Mr. Nasser Al Awadhi (Chairman) (appointed on 19 September 2023)
Mr. Mohamed Sharaf (Chairman) (resigned on 19 September 2023)
Mr. Deepak S. Padmanabhan
Dr. Cory Greenland
Mr. Saqib Saeed (appointed on 16 February 2022)
Ms. Huda Buhumaid (appointed on 22 August 2022)
Dr. Brigitte Zammit (resigned on 22 August 2022)
Mr. Aziz Moolji (resigned on 16 February 2022)

In terms of Article 96.1 of the Articles of Association, the term of appointment of the Directors still in office expires at the end of the forthcoming Annual General Meeting.

Mr. Deepak S. Padmanabhan and Dr. Cory Greenland offered themselves for election at the last Annual General Meeting for the two seats on the Board of Directors, and were elected to represent the Company's shareholders.

Of the Directors of the Company, Mr. Deepak S. Padmanabhan was acting as Director of the following subsidiary companies at 31 December 2023: BKE Property Company Limited, MCB Property Company Limited, MSH Property Company Limited, SGE Property Company Limited, SLM Property Company Limited, SPB Property Company Limited, SWT Property Company Limited and ZTN Property Company Limited.

Remuneration Committee and corporate governance

The Board of Directors deems that the setting up of a Remuneration Committee is not necessary within the context of the size, nature and operations of the Group and Company. The Board of the Company will be submitting to the Shareholders at the next Annual General Meeting (AGM) the Remuneration Report for the financial year ending 31 December 2023 (the 'Reporting Period'). The Report is drawn up in accordance with, and in fulfilment of the provisions of Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority relating to the Remuneration Report and Section 8A of the Code of Principles of Good Corporate Governance (Appendix 5.1 of the Capital Markets Rules) regarding the Remuneration Statement.

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

The Group's arrangements for corporate governance are reported in the 'Corporate governance - Statement of compliance' section.

Statement of Directors' responsibilities for the financial statements

The Directors are required by the Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Group and the parent 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; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining 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, and that comply with the Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Group and the parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Malta Properties Company p.l.c. for the year ended 31 December 2023 are included in the Annual Report 2023, which is published in hard-copy printed form and is made available on the Company's website. 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 Capital Markets Rule 5.70.1

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

Going concern

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

Auditors

Pursuant to the Company's statutory obligations in terms of the Companies Act and the MFSA Capital Markets Rules, the appointment of the auditors and the authorisation of the Directors to set their remuneration will be proposed and approved at the Company's AGM.

Information provided in accordance with Capital Markets Rule 5.64

The authorised share capital of the Company is forty million Euro (€40,000,000) divided into one hundred and twenty five million (125,000,000) shares of thirty two Euro cents (€0.32) each share.

The issued share capital of the Company is thirty two million four hundred and nineteen thousand, three hundred and fifty six Euro (€32,419,356) divided into one hundred and one million three hundred and ten thousand, four hundred and eighty eight (101,310,488) ordinary shares of thirty two Euro cents (€0.32) each share, which have been subscribed for and allotted fully paid-up.

The issued shares of the Company consist of one class of ordinary shares with equal voting rights attached.

The Directors confirm that as at 31 December 2023, only Emirates International Telecommunications (Malta) Limited held a shareholding in excess of 5% of the total issued share capital.

Any shareholder holding in excess of 40% of the issued share capital of the Company having voting rights may appoint the Chairman. In the event that there is no one single shareholder having such a shareholding, the Chairman shall be elected by shareholders at the Annual General Meeting of the Company.

The rules governing the appointment of Board members are contained in Clause 96 of the Company's Articles of Association as follows:

The Directors shall be appointed as set out hereunder:

a) Any Member holding separately not less than twenty per cent (20%) of the total voting rights of the Company shall have the right to appoint a Director for each and every complete 20% of such rights.
b) Any shares remaining unused by Members in the appointment of a Director may be used to elect Directors at the Annual General Meeting or at any Extraordinary General Meeting convened for the purpose of electing Directors.
c) The Directors appointed shall be appointed by letter addressed to the Company which shall indicate the shareholding used for the purpose and shall be signed by the Member making the appointment. The letter must be delivered to or received by the Company not later than twenty one (21) days prior to the Annual or Extraordinary General Meeting, as the case may be, at which the other Directors are to be elected.
d) The other Directors (being such number as would together with the Directors appointed under the preceding paragraphs make a total of five Directors) shall be elected at the Annual General Meeting or at the Extraordinary General Meeting convened for the purpose of electing Directors by those members who have not exercised any of their rights under the foregoing paragraphs; and for the purposes of any such election, voting shall take place on the basis that one share entitles the holder to vote for only one candidate for election, and the Chairman of the Meeting shall declare elected those candidates who obtain the greater number of votes on that basis.

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

Without prejudice to any special rights previously conferred on the holders of any of the existing shares or class thereof, any share in the Company may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Board of Directors may from time to time determine, as provided for in Clause 3 of the Articles of Association, as long as any such issue of Equity Securities falls within the authorised share capital of the Company.

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 Capital Markets Rules 5.64.2, 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 it is hereby declared that, as at 31 December 2023, none of the requirements apply to the Company.

Statement by the Directors pursuant to Capital Markets Rule 5.68

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 its subsidiaries included in the consolidation taken as a whole, and that this report includes a fair review of the performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board of Directors on 21 March 2024 by Dr Cory Greenland (Director) and Mr Deepak Padmanabhan (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

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Telephone: (+356) 2123 0032

Dr Francis Galea Salomone
Company Secretary

Corporate governance - Statement of compliance

A. Introduction

Pursuant to the Malta Financial Services Authority Capital Markets Rules, Malta Properties Company p.l.c. ("the Company") whose equity securities are listed on a regulated market should endeavour to adopt the Code of Principles of Good Corporate Governance ("the Code") as contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules. In terms of the Capital Markets Rules, the Company is hereby reporting on the extent of its adoption of the Code.

The Company acknowledges that the Code does not prescribe mandatory rules but recommends principles so as to provide proper incentives for the Board of Directors ("the Board") and the Company's management to pursue objectives that are in the interests of the Company and its shareholders. Good corporate governance is the responsibility of the Board, and in this regard the Board has carried out a review of the Company's compliance with the Code during the period under review, and hereby provides its report thereon.

As demonstrated by the information set out in this statement, the Company believes that it has, save as indicated in the section entitled Non-Compliance with the Code, throughout the period under review, applied the principles and complied with the provisions of the Code.

B. Compliance

Principle 1: The Board

The Board, the members of which are appointed by the shareholders, is primarily tasked with the administration of the Company's resources in such a way as to enhance the prosperity of the business over time, and therefore the value of the shareholders' investment. The Board is composed of five non-executive Directors, one of whom is the Chairman.

The Board is in regular contact with the Chief Executive Officer and is continuously informed of any decisions taken in order to ensure an effective contribution to the decision-making process, whilst at the same time exercising prudent and effective controls. Directors, individually and collectively, are of appropriate calibre, with the necessary skill and experience to assist the Chief Executive Officer in providing leadership, integrity and judgement in directing the Company towards the maximisation of shareholder value.

Further detail in relation to Board Committees and the responsibilities of the Board is found in "Principles 4 and 5" of this statement.

Principle 2: Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are filled by separate individuals, and the Chief Executive Officer is appointed by the Board for a definite period. During the year under review, Mr. Mohsin Majid continued in his office as Chief Executive Officer of the Company.

The responsibilities and roles of the Chairman and the Chief Executive Officer are clearly established and agreed to by the Board of Directors.

The Chairman is responsible to lead the Board and set its agenda. The Chairman ensures that the Board is in receipt of precise, timely and objective information and also encourages active engagement by all members of the Board for discussion of complex and contentious issues.

Principle 3: Composition of the Board

In accordance with the provisions of the Company's Articles of Association, the appointment of Directors to the Board is exclusively reserved to the Company's shareholders, except in so far as appointment is made to fill a casual vacancy on the Board, and which appointment would expire at the Company's Annual General Meeting following appointment. Any vacancy among the Directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the Board of Directors.

The Board has the overall responsibility for the activities carried out within the Company and the Group and thus decides on the nature, direction, strategy and framework of the activities and sets the objectives for the activities.

The Board of Directors is currently chaired by Mr. Nasser Al Awadhi and comprises five (5) non-executive Directors. The following Directors served on the Board during the period under review:

Non-executive directors
Mr. Nasser Al Awadhi (Chairman) (appointed on 19 September 2023)
Mr. Mohamed Sharaf (Chairman) (resigned on 19 September 2023)
Mr. Deepak S. Padmanabhan
Dr. Cory Greenland
Mr. Saqib Saeed
Ms. Huda Buhumaid

For the purposes of the Code, the non-executive Directors are independent. The Company deems that, although Mr. Nasser Al Awadhi, Mr. Saqib Saeed and Ms. Huda Buhumaid have an employee and director relationship with the controlling shareholder, in terms of Supporting Principle 3 (vii) of the Code of Principles of Good Corporate Governance such relationship is not considered to create a conflict of interest such as to jeopardise exercise of their free judgement.

Principles 4 and 5: The Responsibilities of the Board and Board Meetings

The Board has a formal schedule of matters reserved to it for decisions, but also delegates specific responsibilities to Board committees and sub-committees, the most prominent being the Audit Committee. Directors receive Board and committee papers in advance of meetings and have access to the advice and services of the Company Secretary. Directors may, in the course of their duties, take independent professional advice on any matter at the Company's expense. The Directors are fully aware of their responsibility always to act in the best interests of the Company and its shareholders as a whole irrespective of whoever appointed or elected them to serve on the Board. As delegated and monitored by the Board, the Company Secretary keeps detailed records of all dealings by Directors and senior executives of the Company and its subsidiaries in the Company's shares and all minutes of meetings of the Board and its sub-committees.

During the year under review the Company held six (6) Board meetings.

The following is the attendance at Board meetings of each of the Directors during 2023:

Mr. Nasser Al Awadhi (Chairman) (appointed on 19 September 2023)	1
Mr. Mohamed Sharaf (Chairman) (resigned on 19 September 2023)	3
Mr. Deepak S. Padmanabhan	6
Dr. Cory Greenland	6
Mr. Saqib Saeed	6
Ms. Huda Buhumaid	4

On joining the Board, a Director is provided with a presentation on the activities of the Company and its subsidiaries.

The Board has the responsibility to ensure that the activities are organised in such a way that the accounts, management of funds and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules, including the Articles of Association of the Company. The Board of Directors, through the work carried out by the executive team, continuously assesses and monitors the Company's operational and financial performance, assesses and controls risk, and monitors competitive forces in all areas of operation. It also ensures that both the Company and its employees maintain the highest standards of corporate conduct.

Board Committees

Audit Committee

The Audit Committee supports the work of the Board in terms of quality control of the Group's financial reports and internal controls. The Audit Committee is currently chaired by Dr. Cory Greenland, with the other members being Mr. Deepak S. Padmanabhan and Mr. Saqib Saeed (who replaced Dr. Brigitte Zammit on 5 October 2022). The Audit Committee is independent and is constituted in accordance with the requirements of the Capital Markets Rules, with Mr. Deepak S. Padmanabhan being chosen as the member competent in accounting and/or auditing in view of his experience in the field. The Chief Finance Officer and the external auditors of the Company attend the meetings of the Committee by invitation. Other executives are requested to attend when required. The Company Secretary also acts as Secretary to the Audit Committee.

The Committee scrutinises and monitors related party transactions. It considers the materiality and the nature of the related party transactions carried out by the Company to ensure that the arm's length principle is adhered to at all times.

As part of its duties, the Committee receives and considers the audited statutory financials statements of all companies comprising the Group. The Committee held six (6) meetings during the year. The external auditors attended two (2) meetings.

Principle 6: Information and Professional Development

The Board is responsible for the appointment of the Chief Executive Officer. The Chief Executive Officer is responsible for the appointment of senior management.

On joining the Board, Board members are informed in writing by the Company Secretary of the Directors' duties and obligations, relevant legislation as well as rules and bye-laws. In addition, Directors have access to the advice and services of the Company Secretary and the Board is also advised directly, as appropriate, by its legal advisors. Directors are also provided with a presentation on the activities of the Company and subsidiaries. The Company Secretary ensures effective information flows within the Board, committees and between senior management and Directors, as well as facilitating professional development. The Company Secretary advises the Board through the Chairman on all governance matters.

Directors may, in the course of their duties, take independent professional advice on any matter at the Company's expense. The Company will provide for additional individual Directors' training on a requirements basis.

Principle 7: Evaluation of the Board's Performance

The Chairman of the Board informally evaluates the performance of the Board members, which assessment is followed by discussions within the Board. Through this process, the activities and working methods of the Board and each committee member are evaluated. Amongst the things examined by the Chairman through his assessment are the following: how to improve the work of the Board further, whether or not each individual member takes an active part in the discussions of the Board and the committees; whether they contribute independent opinions and whether the meeting atmosphere facilitates open discussions. Under the present circumstances the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role as the Board's performance is furthermore also under the scrutiny of the shareholders. On the other hand, the performance of the Chairman is evaluated by the Board of Directors of the ultimate controlling party, taking into account the manner in which the Chairman is appointed. The self-evaluation of the Board has not led to any material changes in the Company's governance structures and organisations.

Principle 8: Committees

The Company has opted not to set up a Remuneration Committee and a Nomination Committee. Further explanation is provided under the section entitled Non-Compliance with the Code of this Statement. The Board of Directors deems that the setting up of a Remuneration Committee is not necessary within the context of the size, nature and operations of the Group and Company. During the year ended 31 December 2023, the Board of Directors performed the functions of a Remuneration Committee and this is further explained within the Remuneration Report.

Principles 9 and 10: Relations with Shareholders and with the Market, and Institutional Shareholders

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood. During the period under review, the Company has maintained an effective communication with the market through a number of channels including Company announcements, Circulars, etc.

The Company also communicates with its shareholders through the Company's Annual General Meeting ("AGM"). Both the Chairman of the Board and the Chairman of the Audit Committee are available to answer shareholder questions.

The Chairman/Chief Executive Officer also ensure that sufficient contact is maintained with major shareholders to understand issues and concerns.

Apart from the AGM, the Company communicates with its shareholders by way of the Annual Report and Financial Statements and also through the Company's website (www.maltaproperties.com.mt) which also contains information about the Company and its business, including an Investor Relations section.

The Office of the Company Secretary maintains regular communication between the Company and its investors. Individual shareholders can raise matters relating to their shareholdings and the business of the Company at any time throughout the year, and are given the opportunity to ask questions at the AGM or to submit written questions in advance.

As provided by the Companies Act (Cap. 386), minority shareholders may convene Extraordinary General Meetings.

Principle 11: Conflicts of Interest

The Directors are fully aware of their responsibility always to act in the best interests of the Company and its shareholders as a whole irrespective of whoever appointed or elected them to serve on the Board.

On joining the Board and regularly thereafter, the Directors are informed of their obligations on dealing in securities of the Company within the parameters of law, including the Capital Markets Rules, and Directors follow the required notification procedures.

Directors' interest in the shareholding of the Company:

	Number of shares as at 31 December 2023
Mr. Nasser Al Awadhi (Chairman) (appointed on 19 September 2023)	nil
Mr. Mohamed Sharaf (Chairman) (resigned on 19 September 2023)	nil
Mr. Deepak S. Padmanabhan	nil
Mr. Saqib Saeed (appointed on 16 February 2022)	nil
Ms. Huda Buhumaid (appointed on 22 August 2022)	nil
Dr. Brigitte Zammit (resigned on 22 August 2022)	nil
Mr. Aziz Moolji (resigned on 16 February 2022)	nil
Dr. Cory Greenland	3,000

None of the Directors of the Company have any interest in the shares of the Company's subsidiaries or investees or any disclosable interest in any contracts or arrangements either subsisting at the end of the last financial year or entered into during this financial year. No other changes in the Directors' interest in the shareholding of the Company between year-end and 18 March 2024.

Principle 12: Corporate Social Responsibility

The Directors also seek to adhere to accepted principles of corporate social responsibility in their management practices of the company in relation to the Company's workforce, the country's cultural and historical heritage, the environment and the local community. During 2023, the Company has continued to support voluntary organisations through donations with the aim of improving the quality of life of the local community and society at large. As in previous years, the Company is also committed to constructing buildings which are energy efficient.

C. Non-compliance with the Code

Principle 3: Executive and Non-Executive Directors on the Board

As explained in Principle 3 in Section B, the Board is composed entirely of non-executive Directors. Notwithstanding this, it is considered that the Board, as composed, provides for sufficiently balanced skills and experience to enable it to discharge its duties and responsibilities effectively. In addition, no cases of conflict of interest are foreseen. The Directors believe that the executive role should be performed by the Chief Executive Officer who reports directly to the Board. As such, the Board shall maintain a supervisory role and monitor the operations of the Chief Executive Officer.

Principle 4: Succession Policy for the Board

Code Provision 4.2.7 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 3 in Section B, considering that every Director retires from office at the AGM and that all five Directors have a non-executive role, the Company does not consider it feasible to have in place such a succession policy.

Principle 6: Succession Plan for Senior Management

Although the Chief Executive Officer is responsible for the recruitment and appointment of senior management, the Company has not established a formal succession plan. This is basically due to the size of the Company's work force.

Principle 7: Evaluation of the Board's Performance

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is always under scrutiny of the shareholders.

Principle 8A: Remuneration Committee

The Board deems that the setting up of a Remuneration Committee is not necessary within the context of the size, nature and operations of the Company. However, as aforementioned, its function was carried out by the Board of Directors.

Principle 8B: Nomination Committee

Pursuant to the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders. Shareholders holding not less than 20% (twenty per centum) of the issued share capital of the Company having voting rights shall be entitled to appoint one Director for every such 20% holding by letter addressed to the Company. The other shareholders are entitled to appoint the remaining Board members at the AGM in accordance with the provisions of the Articles of Association. Within this context, the Board believes that the setting up of a Nomination Committee is currently not suited to the Company since it will not be able to undertake satisfactorily its full functions and responsibilities as envisaged by the spirit of the Code.

Principle 9: Conflicts between Shareholders (code provision 9.3)

Currently there is no established mechanism disclosed in the Company's Memorandum and Articles of Association to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. In any such cases should a conflict arise, the matter is dealt with in the appropriate fora in the Board meetings, wherein the minority shareholders are represented. There is also an open channel of communication between the Company and the minority shareholders via the Office of the Company Secretary.

D. Internal control

The key features of the Group's system of internal controls are as follows:

Organisation

The Group operates through Boards of Directors of subsidiaries with clear reporting lines and delegation of powers.

Control environment

The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Group policies and employee procedures are in place for the reporting and resolution of fraudulent activities. The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives. Lines of responsibility and delegation of authority are documented.

The Group and the individual companies comprising it have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and reviews by management and the external auditors.

Risk identification

Group management is responsible together with each of the subsidiary companies' management, for the identification and evaluation of key risks applicable to their areas of business. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

Information and communication

Group companies participate in periodic strategic reviews which include consideration of long term financial projections and the evaluation of business alternatives.

Monitoring and corrective action

There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit Committee meets regularly during the year and, within its terms of reference as approved by the Malta Financial Services Authority, reviews the effectiveness of the Group's systems of internal financial controls. The Committee receives reports from management and the external auditors.

E. General meetings

Shareholders' influence is exercised at the Annual General Meeting (AGM), which is the highest decision-making body of the Company. All shareholders, registered in the Shareholders' Register, have the right to participate in the Meeting and to vote for the full number of their respective shares. A shareholder who cannot participate in the Meeting can be represented by proxy.

Business at the Company's AGM will cover the Annual Report and Financial Statements, the declaration of dividends, election of Directors and the approval of their remuneration, the appointment of the auditors and the authorisation of the Directors to set the auditors' fees. Shareholders' meetings are called with sufficient notice to enable the use of proxies to attend, vote or abstain. The Company clearly recognises the importance of maintaining a regular dialogue with its shareholders in order to ensure that its strategies and performance are understood. It communicates with the shareholders through the AGM by way of the Annual Report and Financial Statements and by publishing its results on a regular basis during the year. This it does through the Investor Relations Section on the Company's internet site, the Office of the Company Secretary, and Company announcements to the market in general.

Remuneration report

A. Remuneration Committee

The functions of the Remuneration Committee were performed by the Board of Directors composed of Nasser Al Awadhi (appointed on 19 September 2023), Mohamed Sharaf (resigned on 19 September 2023), Deepak S. Padmanabhan, Cory Greenland, Saqib Saeed (appointed on 16 February 2022), Huda Buhumaid (appointed on 22 August 2022), Brigitte Zammit (resigned on 22 August 2022) and Aziz Moolji (resigned on 16 February 2022). The Board discusses and approves remuneration and bonuses of senior executives.

B. Remuneration policy - Directors and CEO

The Company is required to establish a Remuneration Policy with respect to its Directors. The remuneration policy has been approved by the shareholders at the Annual General Meeting held on 29 July 2020 and is applicable for a maximum period of four years. All remuneration for directors was in conformity with this policy. The policy describes the components of such remuneration and how this contributes to the Company's business strategy, in the context of its long-term sustainable value creation. This remuneration policy is divided into two parts distinguishing between Directors and Executive Directors.

It is the shareholders, in terms of the Memorandum and Articles of Association of the Company, who elect the Directors and determine their maximum annual aggregate emoluments by resolution at the Annual General Meeting of the Company. Remuneration payable to directors (in their capacity as directors) is reviewed as and when necessary and is not linked to the share price or the company's performance. These are benchmarked against market practice for major local companies of similar size and complexity.

The aggregate amount fixed for this purpose during the last Annual General Meeting was €200,000 (2022: €200,000). None of the Directors have any service contracts with the Company but three (3) of the Directors are employees of the ultimate parent company of Malta Properties Company p.l.c. However, there are no specific amounts of their remuneration allocated to their role at Malta Properties Company p.l.c. Moreover, none of the Directors, in their capacity as Directors of the Company, are entitled to profit sharing, share options, pension benefits or any other remuneration. The Directors' fees as approved by the Board for 2023 were set at €25,000 (2022: €25,000) per annum for each Director. Since their appointment as Directors, Dr. B. Zammit and Mr. A. Moolji opted to waive fees due to them as Directors. No variable remuneration is paid to Directors in their capacity as Directors of the Company. Total emoluments received by Directors during the financial year 2023 in terms of Code Provisions 8.A.5 are as follows: fixed remuneration of €125,000 (2022: €105,806).

In terms of Code Provision 12.1 and 12.2 of the Malta Financial Services Authority Capital Markets Rules, Directors' emoluments paid for the financial years 2023 and 2022 were as follows:

	2023	**2022**
	€	€
Mr. Nasser Al Awadhi (appointed on 19 September 2023)	7,014	-
Mr. Mohamed Sharaf (resigned on 19 September 2023)	17,986	25,000
Mr. Deepak S. Padmanabhan	25,000	25,000
Dr. Cory Greenland (appointed on 15 July 2021)	25,000	25,000
Mr. Saqib Saeed (appointed on 16 February 2022)	25,000	21,801
Ms. Huda Buhumaid (appointed on 22 August 2022)	25,000	9,005

The total emoluments received by the Chief Executive Officer (CEO) for the financial years 2023 and 2022 were as follows:

	2023		**2022**	
	Fixed	**Variable**	**Fixed**	**Variable**
	€	€	€	€
Mr. Mohsin Majid	182,176	60,725	165,579	57,000

C. Remuneration policy - Senior executives

It is the Board of Directors who determines the overall structure and parameters of the Remuneration Policy and the individual remuneration packages for senior executives (including the CEO). The Board of Directors considers that the Remuneration Policy which is being adopted in respect of the remuneration packages of senior executives is fair and reasonable and in keeping with local equivalents. The Board of Directors is also of the opinion that the packages offered ensure that the Company attracts and retains management staff that is capable of fulfilling their duties and obligations towards the Company. Senior executives are on an indefinite contract of employment except for the CEO who is on a definite contract of employment and their contracts specify their remuneration package. None of the contracts provide for profit sharing or share options, pension benefits, early retirement schemes or payments linked to termination in the contracts.

The variable component comprises an incentive that reflects the business performance or profit of the Company as well as the individual's performance as measured on the basis of the level of achievement over one financial period of financial and non-financial objectives established by the Board which are consistent with the Company's strategy and aligned with the shareholders' interest. These objectives and benchmarks set include targets for operating income and growth as well as measures for diversification and development, financing and governance processes. The Board evaluates the fulfilment of criteria by comparing the targeted levels to realised outcomes. The Company does not have the possibility to reclaim any variable remuneration. The Board considers the linkage between the fixed remuneration and the variable remuneration to be appropriate.

As regards to non-cash benefits, senior executives are entitled to health insurance, telephone expenses and a car allowance. Total emoluments received by senior executives (including the CEO) during the financial years 2023 and 2022 in terms of Code Provisions 8.A.5 are as follows: fixed remuneration of €294,000 (2022: €262,000) and variable remuneration of €99,000 (2022: €94,000); and other benefits referred to above.

D. Remuneration policy - Employees

The CEO, within the overall structure and parameters of the Remuneration Policy determined by the Board, determines the individual remuneration packages for all other employees. The Board of Directors considers that the Remuneration Policy which is being adopted in respect of the remuneration packages of the employees is fair and reasonable and in keeping with local equivalents. The Board of Directors is also of the opinion that the packages offered ensure that the Company attracts and retains staff that is capable of fulfilling their duties and obligations towards the Company. All other employees are on an indefinite contract of employment and their contracts specify their remuneration package. None of the contracts provide for profit sharing or share options, pension benefits, early retirement schemes or payments linked to termination in the contracts.

The variable component comprises an incentive that reflects the business performance or profit of the Company as well as the individual's performance as measured on the basis of the level of achievement over one financial period of financial and non-financial objectives established by the CEO which are consistent with the Company's strategy and aligned with the shareholders' interest. The CEO evaluates the fulfilment of criteria by comparing the targeted levels to realised outcomes.

As regards to non-cash benefits, employees are entitled to health insurance, telephone expenses and a car allowance or company car.

E. Other information on remuneration in terms of Appendix 12.1 of the Capital Markets Rules

In terms of the requirements within Appendix 12.1 of the Capital Markets Rules, the following table presents the annual change of remuneration, of the Company's performance, and of average remuneration on a full-time equivalent basis of the Company's employees over the three most recent financial years. The Company's Directors, which are all non-executive Directors, have been excluded from the table below since they have a fixed fee as described in Section B above.

	2023	2022	2021	2020	2023-2022 Change	2022-2021 Change	2021-2020 Change
	€	€	€	€	%	%	%
Annual aggregate employee remuneration	675,953	666,124	681,625	620,495			
Employee remuneration (excluding CEO)	433,053	443,545	464,438	411,898			
CEO remuneration	242,901	222,579	217,187	208,597	9.9	2.5	4.1
Group performance - EBITDA	3,440,790	2,760,999	2,110,065	2,145,910	22.2	33.5	(1.7)
Average employee remuneration (excluding CEO)	65,460	63,364	66,348	58,843	3.3	(4.5)	12.8

The Group's performance is measured using EBITDA since the profit before tax fluctuates year on year due to extraordinary gains on sale of property and changes in fair value, which depend on changes in the local property market conditions.

The contents of the Remuneration Report have been reviewed by the external auditor to ensure that the information required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets Rules have been included.

Statements of financial position

		As at 31 December			
		Group		**Company**	
		2023	2022	**2023**	2022
	Notes	**€**	€	**€**	€
ASSETS					
Non-current assets					
Intangible assets	4	**2,443**	2,443	**2,443**	2,443
Property, plant and equipment	5	**909,073**	887,340	**109,073**	887,340
Investment property	6	**87,335,634**	81,840,117	**16,917,000**	15,495,362
Investment in subsidiaries	7	**-**	-	**169,993**	169,993
Loans receivable from subsidiaries	8	**-**	-	**27,453,721**	32,467,603
Trade and other receivables	9	**24,870**	14,114	**7,551,931**	14,114
Total non-current assets		**88,272,020**	82,744,014	**52,204,161**	49,036,855
Current assets					
Trade and other receivables	9	**1,368,765**	1,192,606	**10,799,046**	15,793,446
Current tax asset		**191,890**	169,814	**114,405**	119,310
Deposits	10	**6,019,026**	4,162,828	**5,989,898**	4,136,000
Cash and cash equivalents	10	**3,225,975**	13,855,928	**208,967**	466,169
Total current assets		**10,805,656**	19,381,176	**17,112,316**	20,514,925
Total assets		**99,077,676**	102,125,190	**69,316,477**	69,551,780

	Note				
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	**32,419,356**	32,419,356	**32,419,356**	32,419,356
Other reserves	12	**253,829**	251,615	**253,829**	251,615
Retained earnings		**23,715,510**	22,969,616	**4,817,108**	5,835,345
Total equity		**56,388,695**	55,640,587	**37,490,293**	38,506,316
LIABILITIES					
Non-current liabilities					
Borrowings	13	**30,182,188**	35,078,130	**24,520,271**	24,479,083
Deferred tax liability	14	**8,241,805**	7,700,523	**1,561,915**	1,503,482
Trade and other payables	15	**142,900**	141,460	**142,900**	141,460
Total non-current liabilities		**38,566,893**	42,920,113	**26,225,086**	26,124,025
Current liabilities					
Borrowings	13	**907,117**	799,327	**-**	-
Trade and other payables	15	**2,851,775**	2,498,528	**5,601,098**	4,921,439
Current tax liability		**363,196**	266,635	**-**	-
Total current liabilities		**4,122,088**	3,564,490	**5,601,098**	4,921,439
Total liabilities		**42,688,981**	46,484,603	**31,826,184**	31,045,464
Total equity and liabilities		**99,077,676**	102,125,190	**69,316,477**	69,551,780

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

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2024. The financial statements were signed on behalf of the Board of Directors by Dr Cory Greenland (Director) and Mr Deepak Padmanabhan (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Income statements

	Notes	Group 2023 €	Group 2022 €	Company 2023 €	Company 2022 €
		Year ended 31 December			
Rental income	16	**4,935,607**	4,152,669	**1,220,753**	953,028
Other income	16	**82,530**	67,215	**69,667**	54,512
Net impairment gain/(loss) on financial assets	8,9,10	**13,145**	(9,753)	**(8,432)**	5,795
Administrative expenses	17	**(1,591,232)**	(1,471,167)	**(1,475,665)**	(1,338,814)
Operating profit/(loss)		**3,440,050**	2,738,964	**(193,677)**	(325,479)
Dividend income	16	**-**	-	**-**	2,750,911
Finance income	20	**226,300**	48,329	**1,170,524**	1,231,455
Finance costs	21	**(1,303,476)**	(1,038,596)	**(1,058,275)**	(878,708)
Fair value movement arising on investment property	6	**970,126**	(98,407)	**643,584**	71,067
Profit before tax		**3,333,000**	1,650,290	**562,156**	2,849,246
Tax expense	22	**(1,270,078)**	(1,512,572)	**(263,365)**	(520,056)
Profit for the year		**2,062,922**	137,718	**298,791**	2,329,190
Earnings per share	23	**0.02**	0.001		

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

Statements of comprehensive income

		Year ended 31 December			
		Group		Company	
		2023	2022	**2023**	2022
	Note	**€**	€	**€**	€
Comprehensive income					
Profit for the year		**2,062,922**	137,718	**298,791**	2,329,190
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Surplus arising on revaluation of land and buildings	12	**2,214**	1,094	**2,214**	1,094
Total other comprehensive income for the year, net of tax		**2,214**	1,094	**2,214**	1,094
Total comprehensive income for the year		**2,065,136**	138,812	**301,005**	2,330,284

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

Statements of changes in equity

Group	Notes	Share capital €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2022		32,419,356	250,521	24,047,620	56,717,497
Comprehensive income					
Profit for the year		-	-	137,718	137,718
Other comprehensive income:					
Surplus arising on revaluation of land and buildings, net of deferred tax	12	-	1,094	-	1,094
Total comprehensive income		-	1,094	137,718	138,812
Transactions with owners					
Dividends	26	-	-	(1,215,722)	(1,215,722)
Balance at 31 December 2022		**32,419,356**	**251,615**	**22,969,616**	**55,640,587**
Comprehensive income					
Profit for the year		-	-	2,062,922	2,062,922
Other comprehensive income:					
Surplus arising on revaluation of land and buildings, net of deferred tax	12	-	2,214	-	2,214
Total comprehensive income		-	2,214	2,062,922	2,065,136
Transactions with owners					
Dividends	26	-	-	(1,317,028)	(1,317,028)
Balance at 31 December 2023		**32,419,356**	**253,829**	**23,715,510**	**56,388,695**

As at 31 December 2023, total retained earnings of the Group amounted to €23,715,510 (2022: €22,969,616). Distributable reserves within retained earnings amounted to €4,119,236 (2022: €3,802,186), while non-distributable reserves amounted to €19,596,274 (2022: €19,167,430).

Company	Notes	Share capital €	Other reserves €	Retained earnings €	Total €
Balance 1 January 2022		32,419,356	250,521	4,721,877	37,391,754
Comprehensive income					
Profit for the year		-	-	2,329,190	2,329,190
Other comprehensive income:					
Surplus arising on revaluation of land and buildings, net of deferred tax	12	-	1,094	-	1,094
Total comprehensive income		-	1,094	2,329,190	2,330,284
Transactions with owners					
Dividends	26	-	-	(1,215,722)	(1,215,722)
Balance at 31 December 2022		**32,419,356**	**251,615**	**5,835,345**	**38,506,316**
Comprehensive income					
Profit for the year		-	-	298,791	298,791
Other comprehensive income:					
Surplus arising on revaluation of land and buildings, net of deferred tax	12	-	2,214	-	2,214
Total comprehensive income		-	2,214	298,791	301,005
Transactions with owners					
Dividends	26	-	-	(1,317,028)	(1,317,028)
Balance at 31 December 2023		**32,419,356**	**253,829**	**4,817,108**	**37,490,293**

As at 31 December 2023, total retained earnings of the Company amounted to €4,817,108 (2022: €5,835,345). Distributable reserves within retained earnings amounted to €1,494,422 (2022: €3,097,810), while non-distributable reserves amounted to €3,322,686 (2022: €2,737,535).

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

Statements of cash flows

		Year ended 31 December			
		Group		**Company**	
		2023	2022	**2023**	2022
	Notes	**€**	€	**€**	€
Cash flows from operating activities					
Cash generated from operations	24	**3,365,751**	3,382,285	**1,047,429**	3,751,042
Interest paid		**(1,262,288)**	(511,178)	**(1,017,087)**	(351,292)
Interest received		**174,174**	48,329	**92,775**	11,846
Tax paid		**(654,311)**	(1,293,090)	**(200,027)**	(385,704)
Net cash generated from/(used in) operating activities		**1,623,326**	1,626,346	**(76,910)**	3,025,892
Cash flows from investing activities					
Additions to investment property		**(4,233,230)**	(11,628,092)	**(5,077)**	(3,933)
Purchase of property, plant and equipment		**(6,381)**	(3,896)	**(6,381)**	(3,896)
Purchase of intangible assets		**-**	(2,443)	**-**	(2,443)
Proceeds from disposal of property		**-**	8,000,000	**-**	-
Payments on behalf of subsidiaries		**-**	-	**(2,000,688)**	(7,349,341)
Investment in subsidiary		**-**	-	**-**	(90,000)
Restricted deposits		**(1,867,300)**	(3,891,828)	**(1,865,000)**	(3,874,000)
Net cash used in investing activities		**(6,106,911)**	(7,526,259)	**(3,877,146)**	(11,323,613)
Cash flows from financing activities					
Bank loan drawdown		**-**	6,619,090	**-**	119,090
Bank loan repayments		**(4,829,340)**	(21,966,884)	**-**	(21,102,262)
Net proceeds from issuance of Bond		**-**	24,451,668	**-**	24,451,668
Repayment of loan from subsidiaries		**-**	-	**5,013,882**	6,321,519
Dividends paid		**(1,317,028)**	(1,215,722)	**(1,317,028)**	(1,215,722)
Net cash (used in)/generated from financing activities		**(6,146,368)**	7,888,152	**3,696,854**	8,574,293
Net movement in cash and cash equivalents		**(10,629,953)**	1,988,239	**(257,202)**	276,572
Cash and cash equivalents at beginning of year		**13,855,928**	11,867,689	**466,169**	189,597
Cash and cash equivalents at end of year	10	**3,225,975**	13,855,928	**208,967**	466,169

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

Notes to the financial statements

1. Summary of material accounting policy information

The material accounting policy information applied in the preparation of these consolidated 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

The consolidated financial statements include the financial statements of Malta Properties Company p.l.c. and its subsidiaries and have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). They have been prepared under the historical cost convention as modified by the fair valuation of property, plant and equipment and investment property.

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 Group and Company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

The directors have concluded that at the time of approving these consolidated financial statements the Group's business is considered to be a going concern.

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Group and Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group and Company's accounting period beginning on 1 January 2023. Except for the amendments to IAS 1 and IFRS Practice Statement 2, the adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's and Company's accounting policies impacting the Group and Company's financial performance and position, including disclosures.

- *Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies*. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Material accounting policy information is now required to be disclosed instead of significant accounting policies. The amendments explain how an entity can identify material accounting policy information and give examples of when accounting policy information is likely to be material. Accounting policy information may be material due to its nature and is material if users of an entity's financial statements would need it to understand other material information in financial statements.

  In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

  With effect from these financial statements for the year ended 31 December 2023, the Company has consequently limited its disclosure of accounting policies to that information that is material.

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, that are mandatory for the Group's and Company's accounting periods beginning after 1 January 2023. The Group and Company have 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 possible significant impact on the Group and Company's financial statements in the period of initial application.

1.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the Directors, there is impairment in value. Where there has been impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Loans for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, an extension of the Company's investment in that subsidiary. Loans to subsidiaries for which settlement is planned are classified as financial assets (Note 1.8).

1.3 Foreign currency translation

(a) Functional and presentation currency

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

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings comprise offices and are shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same 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 Group's property portfolio at periodic 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The rates of depreciation used for the current and comparative periods are as follows:

	%
Buildings	1
Office furniture and equipment	10 - 25

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

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.

1.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group or Company is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway.

Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. If this information is not available, the Group and Company use alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the end of the reporting period by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group or Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for the following accounting period and is subsequently shown at fair value. When the Group or Company decides to dispose of an investment property without development, the Group or Company continues to treat the property as an investment property until it is derecognised (eliminated) from the statement of financial position and does not reclassify it as inventory. Similarly, if the Group or Company begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment. If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sell, the property is transferred to inventories. A property’s deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

Investment property classified as held for sale

Investment property (or disposal groups) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Investment property is measured at fair value as per above and continues to be carried as such even when the held for sale criteria are met. Investment property classified as held for sale is presented separately from the other assets on the statement of financial position.

1.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.7 Financial assets

Classification

The Group classifies its financial assets as financial assets 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. The Group classifies its financial assets as at amortised cost only if both the following criteria are met:

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

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group 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.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's main financial assets that are subject to IFRS 9's expected credit loss model comprise cash and cash equivalents and in the case of the Company also loans receivable and amounts owed by subsidiaries.

Expected credit loss (ECL) model

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

1.8 Trade and other receivables

Trade receivables comprise amounts due from customers for rental of property 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 expected credit loss allowance (Note 1.8). Details about the Group’s impairment policies and the calculation of loss allowance are provided in Note 1.8.

1.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. 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, if any, are shown within borrowings in current liabilities in the statement of financial position.

1.10 Share capital

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

1.11 Financial liabilities

The Group and Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group and Company’s financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as ‘Other liabilities’). Financial liabilities not at fair value through profit or loss are measured 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, except for derivative financial instruments, are subsequently measured at amortised cost. The Group and 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.

1.12 Trade and other payables

Trade and other 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.

1.13 Borrowings

Borrowings are measured 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 Group or Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.14 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.

1.15 Current and deferred tax

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

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

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 consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; 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.

Under this method, the Group and Company are required to make a provision for deferred taxes on the fair valuation of certain non-current assets. Such deferred tax is charged or credited directly to profit or loss.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.16 Provisions

Provisions for legal claims are recognised when the Group or Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises rental income from the rental of immovable property in the ordinary course of the Group or Company's activities. Revenue from investment property is recognised in profit or loss on a straight-line basis over the term of the lease and is stated net of sales tax, rebates and discounts.

Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

The Group and Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the Group and Company's activities as described above.

1.18 Operating leases

The Group or Company is the lessor

Assets leased out under operating lease are included in investment property in the statement of financial position and are accounted for in accordance with Note 1.6. Rental income from operating lease is recognised in profit or loss in accordance with Note 1.19.

1.19 Dividend distribution

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

1.20 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. The capitalisation of borrowing costs is ceased once the asset is substantially ready for its intended use or sale and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

2. Financial risk management

2.1 Financial risk factors

The Group's and Company's activities potentially expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. Malta Properties Company p.l.c.'s (MPC) overall risk management, covering risk exposures for all group entities, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective company's financial performance. MPC's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Accordingly, the Board provides principles for overall Group risk management, as well as risk management policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group and Company did not make use of derivative financial instruments to hedge risk exposures during the current period.

The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

Cash flow and fair value interest rate risk

The Group's interest rate risk principally arises from bank borrowings (Note 13) issued at variable rates that are partially offset by balances held with banks (Note 10) and other financial assets subject to floating interest rates, which expose the Group to cash flow interest rate risk. Floating interest rates on these financial instruments are linked to reference rates such as Euribor or the respective banker's base rate. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments taking into consideration refinancing, renewal of existing positions, alternative financing and hedging techniques.

Management monitors the impact of changes in market interest rates on amounts reported in the statement of comprehensive income in respect of these instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Group's operating cash flows are substantially independent of changes in market interest rates.

The Group and Company is also exposed to fair value interest rate risk on its bond borrowing which carries a fixed interest rate; in the case of the Company only, it is also exposed to fixed rates of interest on its loans receivable from subsidiaries. As these instruments are measured at amortised cost, changes in fair value would, however, not have an impact on the reported amounts in profit or loss and equity. Management monitors the movement in market interest rates and, where possible, reacts to material movements in such rates by maintaining an appropriate mix between fixed and floating rate borrowings.

(b) Credit risk

Credit risk arises from loans receivable, cash and cash equivalents and credit exposures to customers and group companies, including outstanding receivables and committed transactions. The Group's and Company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Group		**Company**	
	2023	2022	**2023**	2022
	€	€	**€**	€
Financial assets at amortised cost				
Loans receivable from subsidiaries (Note 8)	**-**	-	**27,453,721**	32,467,603
Trade and other current financial assets (Note 9)	**433,446**	214,661	**49,433**	53,184
Amounts owed by subsidiaries (Note 9)	**-**	-	**18,181,316**	15,700,091
Cash and cash equivalents (Note 10)	**3,225,975**	13,855,928	**208,967**	466,169
Deposits (Note 10)	**6,019,026**	4,162,828	**5,989,898**	4,136,000
	9,678,447	18,233,417	**51,883,335**	52,823,047

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 Group does not hold any collateral as security in this respect.

The Group banks only with local financial institutions with high quality standing or rating. The Company's other receivables include significant amounts due from its subsidiaries (Note 9). The Group's finance function monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management.

The Group assesses the credit quality of these receivables taking into account the financial position, performance and other factors. The loss allowances for financial assets, which are measured at 12-month ECL, are based on assumptions about risk of default and expected loss rates. The Group and Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The tables below show the reconciliation of the Group's and Company's opening allowance to the closing loss allowance as at 31 December 2023:

Group

	Cash and cash equivalents €	Deposits €	Total €
Loss allowance as at 1 January 2022	-	-	-
Increase in allowance recognised in profit or loss during the year	9,753	-	9,753
Closing loss allowance as at 31 December 2022	**29,111**	**-**	**29,111**
(Decrease)/increase in allowance recognised in profit or loss during the year	(24,247)	11,102	(13,145)
Closing loss allowance as at 31 December 2023	**4,864**	**11,102**	**15,966**

Company

	Loans receivable from subsidiaries €	Amounts owed by subsidiaries €	Cash and cash equivalents €	Deposits €	Total €
Loss allowance as at 1 January 2022	69,946	23,488	-	-	93,434
(Decrease)/increase in allowance recognised in profit or loss during the year	(14,657)	1,020	7,842	-	(5,795)
Closing loss allowance as at 31 December 2022	**55,289**	**24,508**	**7,842**	**-**	**87,639**
(Decrease)/Increase in allowance recognised in profit or loss during the year	(4,400)	9,190	(7,460)	11,102	8,432
Closing loss allowance as at 31 December 2023	**50,889**	**33,698**	**382**	**11,102**	**96,071**

The estimated expected credit loss on other receivables in the case of the Group was immaterial. The Group presently has a small number of clients as tenants, the major tenant being GO p.l.c.. The Group assessed the respective credit risk and concluded that despite the concentration these tenants are able to honour their contractual commitments.

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise of borrowings (Note 13) and trade and other payables (Note 15). 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 Group's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Group's and Company's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments coupled with intra-group financing that it can access to meet liquidity needs.

The Group's and Company's trade and other payables are in the main repayable within one year from the end of the reporting period.

The table below analyses the Group's and the Company's borrowings into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Group

	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	Between 1 and 5 years €'000	Over 5 years €'000
31 December 2023					
Bank loan	6,569	7,158	1,112	3,757	2,289
Bond	24,520	34,000	1,000	4,000	29,000
Total borrowings	**31,089**	**41,158**	**2,112**	**7,757**	**31,289**
31 December 2022					
Bank loan	11,398	14,324	1,112	4,448	8,764
Bond	24,479	35,000	1,000	4,000	30,000
Total borrowings	**35,877**	**49,324**	**2,112**	**8,448**	**38,764**

Company

	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	Between 1 and 5 years €'000	Over 5 years €'000
31 December 2023					
Bond	**24,520**	**34,000**	**1,000**	**4,000**	**29,000**
31 December 2022					
Bond	24,479	35,000	1,000	4,000	30,000

2.2 Capital risk management

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

The Group monitors the level of capital on the basis of the ratio of aggregated debt to total equity. Aggregated debt is calculated as total borrowings (as shown in the statement of financial position). As at year end, the Group's gearing ratio, measured as borrowings to equity, stood at 0.55 (2022: 0.64).

The Group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital, as reflected in the consolidated statement of financial position, is maintained by reference to the Group's respective financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the Directors.

2.3 Fair values of financial instruments

Fair values of financial instruments not carried at fair value

At 31 December 2023 and 2022, the carrying amounts of cash at bank, receivables, payables, accrued expenses and short-term borrowings reflected in the financial statements 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. The fair value of advances to related parties and other balances with related parties is equivalent to their carrying amount.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of the Company's non-current amounts receivable from subsidiaries based on discounted cash flows amounts to circa €26.3 million (2022: €27.2 million), which amount is lower than the carrying amount as at 31 December 2023. The fair value of the Group's non-current floating interest rate bank borrowings at the end of the reporting period is not significantly different from the carrying amounts. The current market interest rates utilised for discounting purposes are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

Information on the fair value of the bonds issued to the public is disclosed in Note 13 to the financial statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in active market.

3. Critical accounting estimates and judgements

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

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements except as disclosed in Notes 5 and 6, are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Intangible assets

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
At 31 December				
Opening carrying amount	**2,443**	-	**2,443**	-
Additions	**-**	2,443	**-**	2,443
Closing carrying amount	**2,443**	2,443	**2,443**	2,443
At 31 December				
Cost or valuation	**2,443**	2,443	**2,443**	2,443

Intangible assets of the Group and Company comprise an internet domain name.

5. Property, plant and equipment

Group	Land and buildings €	Office furniture and equipment €	Total €
At 1 January 2022			
Cost or valuation	799,450	149,529	948,979
Accumulated depreciation	-	(54,347)	(54,347)
Carrying amount	799,450	95,182	894,632
Year ended 31 December 2022			
Opening net book amount	799,450	95,182	894,632
Additions	1,121	2,775	3,896
Depreciation charge	(2,215)	(10,067)	(12,282)
Revaluation of land and buildings			
- Effect on additions	(1,121)	-	(1,121)
- Effect on accumulated depreciation	2,215	-	2,215
Closing carrying amount	799,450	87,890	887,340
At 31 December 2022			
Cost or valuation	799,450	152,304	951,754
Accumulated depreciation	-	(64,414)	(64,414)
Carrying amount	799,450	87,890	887,340

Year ended 31 December 2023			
Opening net book amount	799,450	87,890	887,340
Additions	-	6,381	6,381
Transfer to investment property (Note 6)	(772,977)	-	(772,977)
Transfer from investment property (Note 6)	800,000	-	800,000
Reclassification to office furniture and equipment	(26,473)	26,473	-
Depreciation charge	(2,214)	(11,671)	(13,885)
Revaluation of land and buildings			
- Effect on accumulated depreciation	2,214	-	2,214
Closing carrying amount	**800,000**	**109,073**	**909,073**
At 31 December 2023			
Cost or valuation	800,000	185,158	985,158
Accumulated depreciation	-	(76,085)	(76,085)
Carrying amount	**800,000**	**109,073**	**909,073**

Company

	€	€	€
At 1 January 2022			
Cost or valuation	799,450	149,529	948,979
Accumulated depreciation	-	(54,347)	(54,347)
Carrying amount	799,450	95,182	894,632
Year ended 31 December 2022			
Opening net book amount	799,450	95,182	894,632
Additions	1,121	2,775	3,896
Depreciation charge	(2,215)	(10,067)	(12,282)
Revaluation of land and buildings			
- Effect on additions	(1,121)	-	(1,121)
- Effect on accumulated depreciation	2,215	-	2,215
Closing carrying amount	799,450	87,890	887,340
At 31 December 2022			
Cost or valuation	799,450	152,304	951,754
Accumulated depreciation	-	(64,414)	(64,414)
Carrying amount	799,450	87,890	887,340

Year ended 31 December 2023			
Opening net book amount	799,450	87,890	887,340
Additions	-	6,381	6,381
Transfer to investment property (Note 6)	(772,977)	-	(772,977)
Reclassification to office furniture and equipment	(26,473)	26,473	-
Depreciation charge	(2,214)	(11,671)	(13,885)
Revaluation of land and buildings			
- Effect on accumulated depreciation	2,214	-	2,214
Closing carrying amount	**-**	**109,073**	**109,073**
At 31 December 2023			
Cost or valuation	-	185,158	185,158
Accumulated depreciation	-	(76,085)	(76,085)
Carrying amount	**-**	**109,073**	**109,073**

Borrowings are secured by the Group's and Company's property, plant and equipment (Note 13).

During the year, MPC leased the property which was classified as property, plant and equipment in Floriana to a third party. Therefore, this property with carrying amount of €772,977 was transferred from property, plant and equipment to investment property. MPC's head office moved from Floriana to its property in Ta' Xbiex. The space occupied by MPC, with carrying amount of €800,000 was transferred from investment property to property, plant and equipment. The registered office of MPC remains unchanged at 'The Bastions' Triq Emvin Cremon, Floriana FRN 1281.

The Group's property, plant and equipment was revalued in December 2023 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 amount of the property as at 31 December 2023 on the basis of an assessment by the independent property valuers, and the carrying amount was not required to be adjusted during the current financial year. Valuations were made on the basis of open market value after considering the intrinsic value of the property. Details on the valuation process and techniques are found in Note 6. The carrying amount of the Group's property, plant and equipment had the asset been carried under the cost method as at 31 December 2023 would amount to €796,000.

6. Investment property

	Group		**Company**	
	2023	2022	**2023**	2022
	€	€	**€**	€
At 31 December				
Opening carrying amount	**81,840,117**	71,356,700	**15,495,362**	15,420,362
Additions	**4,552,414**	11,607,587	**5,077**	3,933
Net gains/(losses) from changes in fair value	**970,126**	(1,124,170)	**643,584**	71,067
Reclassified from property, plant and equipment (Note 5)	**772,977**	-	**772,977**	-
Reclassified to property, plant and equipment (Note 5)	**(800,000)**	-	**-**	-
Closing carrying amount	**87,335,634**	81,840,117	**16,917,000**	15,495,362

At 31 December				
Cost or valuation	**76,570,872**	72,045,481	**13,370,194**	12,592,140
Net fair value gains	**10,764,762**	9,794,636	**3,546,806**	2,903,222
Carrying amount	**87,335,634**	81,840,117	**16,917,000**	15,495,362

Investment property comprises commercial properties leased out to a related party and third parties. Minimum lease payments receivable on leases of investment properties are disclosed in Note 27. Borrowings are secured by the Group's and Company's investment property (Note 13).

In 2022, fair value gains on the sale of the B'Kara Old Exchange which was classified as an asset held for sale, amounted to €1,025,763.

The fair value of the properties together with the valuation technique is disclosed in the note below. Deferred tax considerations of sale are disclosed in Note 14. The amount of the direct operating expenses incurred in relation to the investment property that generated rental income during the period amounted to €210,013 (2022: €135,045).

Fair valuation of land and buildings

The Group's investment property was revalued in December 2023 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 properties as at 31 December 2023 on the basis of an assessment by the independent property valuers, and the carrying amounts were adjusted accordingly during the current financial year.

Valuations were made on the basis of open market value after considering the returns being attained by the property and its intrinsic value.

Most of the Group's investment properties are covered by medium to long term leases which secure the Group's income and returns for the coming years, and no difficulty in collecting rent due is foreseen. The fair value of the properties which will be vacated in the short term is not considered to be significantly different from their book value. In 2022, the B'Kara Old Exchange property was sold at the contracted amount, which was higher than the book value of the property.

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

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

The Group's investment property comprises various exchanges and offices. All the recurring property fair value measurements at 31 December 2023 and 2022 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2023.

A reconciliation from the opening balance to the closing balance for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above. The movement for the year ended 31 December 2023 reflects additions and changes in fair value and transfers to/from property, plant and equipment.

Valuation processes

The valuations of the properties are performed annually on the basis of valuation reports prepared by independent and qualified valuers. These reports are based on both:

- information provided by the Group which is derived from the Group's financial systems and is subject to the Group's overall control environment; and
- assumptions and valuation models used by the valuers - the assumptions are typically market related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Financial Officer (CFO). This includes a review of fair value movements over the period. When the CFO considers that the valuation report is appropriate, the valuation report is recommended to the Audit Committee of the parent Company. The Audit Committee considers the valuation report as part of its overall responsibilities.

At the end of every reporting period, the CFO assesses whether any significant changes or developments have been experienced since the last external valuation. This is supported by an assessment performed by the independent firm of property valuers. The CFO reports to the Audit Committee on the outcome of this assessment.

Valuation techniques

The external valuations of the Level 3 property have been performed using the discounted cash flow method. Each property was valued using the method considered by the external valuers to be the most appropriate valuation method for that type of property.

In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals in the respective markets in which the properties are located, the valuations have been performed using unobservable inputs.

The significant inputs to the approach used are generally those described below:

- Discounted cash flow method considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

  Projected post-tax cash flows which are initially mainly based on the existing rental income streams less operating costs that reflect the existing cost structure as presented in the income statement. Going forward, all the rental streams are adjusted to reflect contracted rental adjustments including annual growth rates. An average growth rate of 2.2% (2022: 2.3%) per annum is being assumed. In the case of properties currently under development, estimated development costs to complete were also considered.

  Discount rates based on current market interest rates and a risk premium that reflects the valuers' assessment to specific risk attached to the property being valued and its underlying activity.

  The final value of each property is determined on the basis of the net present value of the cash flow and an expected exit value in ten years' time based on an assumed exit yield over the market rent applicable at the time.

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

	Fair value at 31 December 2023 €000	Valuation technique	Significant unobservable input	Range of unobservable inputs
Investment property - land and buildings				
Current use as office premises	**59,692**	Discounted cash flow method	Discount rate	**5.55% - 6.95%**
Current use as industrial premises	**20,008**	Discounted cash flow method	Discount rate	**5.90% - 6.95%**
Developable land for industrial/ commercial use	**5,160**	Discounted cash flow method	Discount rate	**6.10%**
Marketed as residential-commercial developments	**2,475**	Discounted cash flow method	Discount rate	**5.95%**
Property, plant and equipment - land and buildings				
Current use as office premises	**800**	Discounted cash flow method	Discount rate	**6.10%**

	Fair value at 31 December 2022 €000	Valuation technique	Significant unobservable input	Range of unobservable inputs
Investment property - land and buildings				
Current use as office premises	**49,062**	Discounted cash flow method	Discount rate	**5.30% - 7.12%**
Developable land for industrial/ commercial use	**24,280**	Discounted cash flow method	Discount rate	**5.95% - 6.85%**
Marketed as extended-commercial premises	**6,053**	Discounted cash flow method	Discount rate	**6.22%**
Marketed as residential-commercial developments	**2,445**	Discounted cash flow method	Discount rate	**5.80%**
Property, plant and equipment - land and buildings				
Current use as office premises	**799**	Discounted cash flow method	Discount rate	**5.50%**

In 2023, certain properties which were previously classified as ‘Developable land for industrial/commercial use’ were transferred to ‘Current use as office premises’ and ‘Currently used as industrial premises’, as applicable, depending on their current use now that development is complete.

Properties are valued based on their highest and best use (HBU), resulting in the properties’ most probable and reasonable use and thereby optimizing the productivity of the asset to generate the highest market value. Redevelopment potential is taken into consideration along with any permitted alternative uses on site in line with planning policies and permits, the allowable building volume, additional airspace to be developed and market demands for such uses in the location of the subject property. The current use of some of the properties is not aligned with their HBU as they are covered by non-cancellable lease agreements. Where these properties have a redevelopment potential, the valuation considers the applicable rental agreement term and assumes development upon the expiry of said agreements.

For the discounted cashflow method, the higher the annualized net cash inflows, and growth rate, the higher the fair value. Conversely, the lower the discount rate, the estimated development costs, and capitalisation rate used in calculating the annualized net cash inflows, the higher the fair value.

7. Investment in subsidiaries

	Company 2023 €	2022 €
Year ended 31 December		
Opening cost and carrying amount	**169,993**	79,993
Additions	**-**	90,000
Closing cost and carrying amount	**169,993**	169,993

The carrying amount of the investments at 31 December 2023 and 2022 is equivalent to the cost of the investment net of impairment charges. During 2022, the issued and fully paid share capital of one of the subsidiaries was increased following the drawdown of a new loan facility.

The subsidiaries at 31 December 2023 and 2022 are shown below:

Subsidiary	**Registered office**	**Class of shares held**	**Percentage of shares held 2023**	Percentage of shares held 2022
BKE Property Company Limited	The Bastions Emvin Cremona Street Floriana FRN1281	Ordinary Shares of €1 each	99.99	99.99
MCB Property Company Limited	The Bastions Emvin Cremona Street Floriana FRN1281	Ordinary Shares of €1 each	99.99	99.99
MSH Property Company Limited	The Bastions Emvin Cremona Street Floriana FRN1281	Ordinary Shares of €1 each	99.99	99.99
SGE Property Company Limited	The Bastions Emvin Cremona Street Floriana FRN1281	Ordinary Shares of €1 each	99.99	99.99
SLM Property Company Limited	The Bastions Emvin Cremona Street Floriana FRN1281	Ordinary Shares of €1 each	99.99	99.99
SPB Property Company Limited	The Bastions Emvin Cremona Street Floriana FRN1281	Ordinary Shares of €1 each	99.99	99.99
ZTN Property Company Limited	The Bastions Emvin Cremona Street Floriana FRN1281	Ordinary Shares of €1 each	99.99	99.99
SWT Property Company Limited	The Bastions Emvin Cremona Street Floriana FRN1281	Ordinary Shares of €1 each	100.00	100.00

8. Loans receivable from subsidiaries

	Company	
	2023	2022
	€	€
Opening gross amount of loans receivable from subsidiaries	**32,522,892**	38,859,068
Loan repayments during the year	**(5,018,282)**	(6,336,176)
Closing gross amount of loans receivable from subsidiaries	**27,504,610**	32,522,892
Loss allowance	**(50,889)**	(55,289)
Closing carrying amount	**27,453,721**	32,467,603

The loans are unsecured, subject to interest at 3.75% and repayable in 2028. The Group assessed the impairment for all classes of assets under IFRS 9 and the loss allowance represents the amount that the Company recognised as an expected loss provided under IFRS 9.

9. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Current				
Amounts owed by subsidiaries	**-**	-	**10,674,002**	15,724,599
Loss allowance	**-**	-	**(19,747)**	(24,508)
	-	-	**10,654,255**	15,700,091
Advance payments and other claims from supplier	**133,904**	716,013	**-**	-
Indirect taxation	**650,239**	217,404	**-**	-
Trade and other current financial assets	**433,446**	214,661	**49,433**	53,184
Prepayments and accrued income	**151,176**	44,528	**95,358**	40,171
	1,368,765	1,192,606	**10,799,046**	15,793,446
Non-current				
Amounts owed by subsidiaries	**-**	-	**7,541,012**	-
Loss allowance	**-**	-	**(13,951)**	-
	-	-	**7,527,061**	-
Other assets	**24,870**	14,114	**24,870**	14,114
	24,870	14,114	**7,551,931**	14,114

Amounts owed by subsidiaries are unsecured, interest free and repayable on demand. The Group and Company assessed the impairment for all classes of assets under IFRS 9 and the loss allowance of €33,698 (2022: €24,508) represents the amount that the Company recognised as an expected loss provided under IFRS 9. Information about the Group's and Company's exposure to credit risk is disclosed in Note 2.

Advance payments are deposits made by one of the subsidiaries on renovation works being undertaken.

10. Cash and cash equivalents

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

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Cash at bank and in hand	**3,225,975**	13,855,928	**208,967**	466,169

Cash excludes an amount of €6,019,026 (2022: €4,162,828) for the Group and €5,989,898 (2022: €4,136,000) for the Company shown as deposits in the statement of financial position as these are restricted cash either as fixed deposits or in terms of the ability to withdraw until the Group's and Company's projects are completed.

The Group assessed the impairment methodology for all classes of assets under IFRS 9 and the identified expected credit loss on cash and cash equivalents for 2023 amounted to €4,864 (2022: €29,111) for the Group and €382 (2022: €7,842) for the Company. The identified expected credit loss on deposits for 2023 amounted to €11,102 (2022: Nil) for the Group and Company.

11. Share capital

	Group and Company	
	2023	2022
	€	€
Authorised		
125,000,000 (2022: 125,000,000) ordinary shares of €0.32 (2020: €0.32) each	**40,000,000**	40,000,000
Issued and fully paid		
101,310,488 (2022: 101,310,488) ordinary shares of €0.32 (2020: €0.32) each	**32,419,356**	32,419,356

12. Other reserves

Group and Company

	Property revaluation reserve
	€
At 31 December 2022	
Opening carrying amount	250,521
Surplus arising on revaluation of land and buildings (Note 5)	1,094
Closing carrying amount	251,615

Year ended 31 December 2023	
Surplus arising on revaluation of land and buildings (Note 5)	2,214
Closing carrying amount	**253,829**

13. Borrowings

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Non-current				
Bank loans	**5,661,917**	10,599,047	**-**	-
25,000,000 4% Bonds 2022 - 2032	**24,520,271**	24,479,083	**24,520,271**	24,479,083
	30,182,188	35,078,130	**24,520,271**	24,479,083
Current				
Bank loans	**907,117**	799,327	**-**	-
Total Borrowings	**31,089,305**	35,877,457	**24,520,271**	24,479,083

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Carrying amount at 1 January	**35,877,457**	26,746,168	**24,479,083**	20,983,172
Bank loan drawdowns	**-**	6,619,090	**-**	119,090
Bank loan repayments	**(4,829,340)**	(21,966,884)	**-**	(21,102,262)
Bond issuance	**-**	24,451,667	**-**	24,451,667
Bond amortisation	**41,188**	27,416	**41,188**	27,416
Carrying amount at 31 December	**31,089,305**	35,877,457	**24,520,271**	24,479,083

Bank Borrowings
The bank loans are secured by guarantees for an amount of €6,569,034 (2022: €11,398,374) for the Group and €Nil (2022: € Nil) for the Company, provided by the Company and a number of subsidiaries. The bank loans are also secured by guarantees and by special hypothecs over the present and future assets of the Company and a number of its subsidiaries.

In 2022, bank loans of €20,552,262 were refinanced through the €25,000,000 bond issue.

A €6,500,000 bank loan was drawn in September 2020 by one of the subsidiaries to finance the purchase of the immovable property in Swatar. The loan is to be repaid in full by November 2032. The bank loan is subject to a fixed interest rate of 2.15% up to September 2024, shifting to a floating interest rate thereafter. During the year, the subsidiary repaid an amount of €488,383 (2022: 483,457).

A €6,500,000 bank loan was drawn in March 2022 by another subsidiary to finance the purchase of the immovable property in Ta' Xbiex. The loan is to be repaid in full by March 2027. The bank loan is subject to a floating interest rate of 2.25% plus 3-month Euribor. During the year, the subsidiary repaid an amount of €4,340,958 (2022: €380,782).

Bonds
By virtue of a Prospectus dated 1 June 2022, Malta Properties Company plc (the Issuer) issued 25,000,000 bonds with a face value of €100 each. The bonds have a coupon interest of 4.0% which is payable annually in arrears on 30 June of each year. The bonds are guaranteed by a first ranking special hypothec over two properties owned by two of the Company's subsidiaries, which have bound themselves jointly and severally liable with the Issuer, for the repayment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the Prospectus. The bonds were admitted on the Official List of the Malta Stock Exchange on 7 July 2022. The quoted market price as 31 December 2023 for the bonds was €97.00 (2022: €99.90) which in the opinion of the directors fairly represents the fair value of these financial liabilities.

In accordance with the provisions of the Prospectus, the proceeds from the bond issue have been used to repay banking facilities of the Issuer and for the payment of capital expenditure relating to the Zejtun development project and the Marsa Spencer Hill renovation project and for general corporate funding of the Group.

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective yield method as follows:

	Group and Company	
	2023	2022
	€	€
Original face value of bonds issued	**25,000,000**	25,000,000
Gross amount of bond issue costs	**(548,333)**	(548,333)
Accumulated amortisation	**68,604**	27,416
Unamortised bond issue costs	**(479,729)**	(520,917)
Amortised cost and closing carrying amount of the bonds	**24,520,271**	24,479,083

This note provides information about the contractual terms of the Group's and Company's borrowings. For more information about the Group's and Company's exposure to liquidity and interest rate risk see Note 2.

14. Deferred tax liabilities

Deferred taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35%, with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property, that is, a tax effect of 8% or 10% of the transfer value.

The balance at 31 December represents temporary differences arising on:

	Group 2023 €	Group 2022 €	Company 2023 €	Company 2022 €
Deferred tax liabilities				
Revaluation of property, plant and equipment	**64,000**	79,945	**-**	79,945
Fair valuation of investment property	**8,177,805**	7,620,578	**1,561,915**	1,423,537
	8,241,805	7,700,523	**1,561,915**	1,503,482

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

The movement on the deferred tax liability account is as follows:

Group	Investment property €	Property, plant and equipment €	Total €
Balance as at 1 January 2022	7,381,352	79,945	7,461,297
Recognised in profit or loss (Note 22)	239,226	-	239,226
Balance as at 31 December 2022	7,620,578	79,945	7,700,523
Recognised in profit or loss (Note 22)	541,282	-	541,282
Reclassification from property, plant and equipment	79,945	(79,945)	-
Reclassification from investment property	(64,000)	64,000	-
Balance as at 31 December 2023	**8,177,805**	**64,000**	**8,241,805**

Company	Investment property €	Property, plant and equipment €	Total €
Balance as at 1 January 2022	1,419,537	79,945	1,499,482
Recognised in profit or loss (Note 22)	4,000	-	4,000
Balance as at 31 December 2022	1,423,537	79,945	1,503,482
Recognised in profit or loss (Note 22)	58,433	-	58,433
Reclassification from property, plant and equipment	79,945	(79,945)	-
Balance as at 31 December 2023	**1,561,915**	**-**	**1,561,915**

15. Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Current				
Amounts owed to subsidiaries	**-**	-	**4,400,451**	3,919,915
Other payables	**895,316**	639,526	**129,277**	163,239
Indirect taxes	**126,221**	146,571	**28,632**	31,645
Advance deposits	**5,437**	3,985	**5,437**	3,985
Accruals and deferred income	**1,694,971**	1,426,046	**1,037,301**	802,655
Deposits received	**129,830**	282,400	**-**	-
	2,851,775	2,498,528	**5,601,098**	4,921,439
Non-current				
Other payables	**142,900**	141,460	**142,900**	141,460

Amounts owed to subsidiaries are unsecured, interest free and repayable on demand. The Group's and Company's exposure to liquidity risk relating to trade and other payables is disclosed in Note 2.

16. Rental income, other income and dividend income

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Rental income on property rented to other related parties	**3,057,740**	2,343,764	**556,979**	562,223
Other rental income	**1,877,867**	1,808,905	**663,774**	390,805
Total rental income	**4,935,607**	4,152,669	**1,220,753**	953,028
Other income	**82,530**	67,215	**69,667**	54,512
Total rental and other income	**5,018,137**	4,219,884	**1,290,420**	1,007,540
Dividend income	**-**	-	**-**	2,750,911

The Group primarily operates in one segment that comprises the provision of rental services to customers, which activities are substantially subject to the same risks and returns. Accordingly, the presentation of segment information as required by IFRS 8, Operating segments, within these financial statements is not deemed applicable.

The Group monitors all its properties to ensure that adequate repairs and/or maintenance is being carried out by the tenants/maintenance contractors so that once the lease term expires these properties would be in a leasable state. At least annually, properties leased for the long or medium term are inspected by Company representatives and a report highlighting any repairs and/or maintenance that needs to be carried out on each respective property is provided to the tenant. In this way, the Group establishes that the properties are being maintained to prevent any decreases in value brought about by lack of upkeep of the properties.

17. Expenses by nature

	Group 2023 €	Group 2022 €	Company 2023 €	Company 2022 €
Depreciation (Note 5)	**13,885**	12,282	**13,885**	12,282
Auditor’s remuneration	**40,450**	42,000	**15,000**	16,800
Professional fees	**203,115**	175,662	**193,088**	157,350
Employee benefit expense (Note 18)	**601,044**	563,257	**584,819**	543,128
Directors’ emoluments (Note 19)	**125,000**	105,806	**125,000**	105,806
Insurance	**78,462**	86,497	**39,947**	43,359
Listing and related fees	**71,795**	61,306	**71,795**	61,306
Registration fees	**2,699**	2,685	**1,400**	1,400
Business development	**34,850**	157,771	**10,300**	205,640
Repairs and maintenance	**128,410**	85,447	**20,766**	22,823
Rent paid to subsidiary	**-**	-	**157,968**	-
Other	**291,523**	178,454	**241,697**	168,920
Total administrative expenses	**1,591,232**	1,471,167	**1,475,665**	1,338,814

Rent paid to subsidiary relates to a sub-lease agreement between the parent company and one of its subsidiaries for a property held by the said subsidiary. No right-of-use asset has been recognised in respect of the rent paid to subsidiary as the sub-lease is cancellable.

Auditor’s fees

Fees charged by the auditor and its connected undertakings for services rendered during the financial years ended 31 December 2023 and 2022 relate to the following:

	Group 2023 €	Group 2022 €	Company 2023 €	Company 2022 €
Annual statutory audit	**40,450**	42,000	**15,000**	16,800
Other assurance services	**15,000**	13,500	**15,000**	13,500
Other non-audit services	**-**	99,138	**-**	92,258
	55,450	154,638	**30,000**	122,558

The following non-audit services were provided to the Group and the Company:

	Group 2023 €	Group 2022 €	Company 2023 €	Company 2022 €
General tax advice and tax compliance services	**-**	32,265	**-**	25,385
Other services	**-**	66,873	**-**	66,873
	-	99,138	**-**	92,258

18. Employee benefit expense

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Wages and salaries	**657,726**	646,222	**657,726**	646,222
Social security costs	**18,227**	19,902	**18,227**	19,902
	675,953	666,124	**675,953**	666,124
Capitalised wages	**(74,909)**	(102,867)	**(74,909)**	(102,867)
Recharges	**-**	-	**(16,225)**	(20,129)
	601,044	563,257	**584,819**	543,128

In 2023, the average number of persons employed by the Group and Company was 7 (2022: 8).

19. Directors' emoluments

	Group and Company	
	2023	2022
	€	€
Directors' fees	**125,000**	105,806

Directors' emoluments are included within 'administrative expenses' (Note 17).

20. Finance income

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Interest income from subsidiaries	**-**	-	**1,031,423**	1,219,609
Bank interest	**226,300**	48,329	**139,101**	11,846
	226,300	48,329	**1,170,524**	1,231,455

21. Finance costs

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Bank interest	**245,201**	508,782	**-**	340,969
Bank charges	**2,592**	2,398	**2,592**	10,323
Bond interest and cost amortisation	**1,055,683**	527,416	**1,055,683**	527,416
	1,303,476	1,038,596	**1,058,275**	878,708

22. Tax expense

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Current tax expense	**728,796**	1,273,346	**204,932**	516,056
Deferred tax expenses (Note 14)	**541,282**	239,226	**58,433**	4,000
Tax expense	**1,270,078**	1,512,572	**263,365**	520,056

22.1 Tax expense reconciliation

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

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Profit before tax	**3,333,000**	1,650,290	**562,156**	2,849,246
Tax on profit at 35%	**1,166,550**	577,602	**196,755**	997,236
Tax effect of:				
Tax rates applicable to property	**201,738**	738,487	**(166,821)**	(20,872)
Further allowances on rental income	**(99,885)**	(141,329)	**(3,985)**	(3,985)
Income taxed at reduced rates	**(758,353)**	(447,751)	**(271,971)**	(904,883)
Expenses not deductible for tax purposes	**760,028**	785,563	**509,387**	452,560
Tax expense	**1,270,078**	1,512,572	**263,365**	520,056

23. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	Group	
	2023	2022
Profit attributable to equity holders (€)	**2,062,922**	137,718
Number of shares in issue (Note 11)	**101,310,488**	101,310,488
Earnings per share (€)	**0.020**	0.001

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

24. Cash generated from operations

Reconciliation of operating profit/(loss) to cash generated from operations:

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Operating profit/(loss)	**3,440,050**	2,738,964	**(193,677)**	(325,479)
Adjustments for:				
Depreciation (Note 5)	**13,885**	12,282	**13,885**	12,282
Movement in provision for credit loss on deposits	**11,102**	-	**11,102**	-
Changes in working capital:				
Trade and other receivables	**(134,789)**	244,773	**1,015,557**	1,489,098
Trade and other payables	**35,503**	386,266	**200,562**	75,141
	3,365,751	3,382,285	**1,047,429**	1,251,042
Net dividends received from subsidiaries	**-**	-	**-**	2,500,000
Cash generated from operations	**3,365,751**	3,382,285	**1,047,429**	3,751,042

25. Contingencies

Guarantees of €6,569,034 (2022: €11,398,374) were issued by the Company in favour of its bankers for facilities provided.

26. Dividends

A dividend in respect of the year 31 December 2023 of €0.014 per share (2022: €0.013), amounting to €1,418,347 was proposed by the Board of Directors subsequent to the end of the reporting period. The financial statements do not reflect this proposed dividend. Dividends of €1,317,028 proposed in 2022 have been approved and reflected in the current year's financial statements while dividends of €1,215,722 proposed in 2021 were reflected in the 2022 financial statements.

27. Commitments

(a) Capital commitments

Capital expenditure for investment property at the end of the reporting period is as follows:

	Group	
	2023	2022
	€	€
Authorised and contracted	**580,981**	3,057,616
Authorised but not yet contracted	**224,022**	656,199

(b) Operating leases – Group and Company as lessor

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

	Group		Company	
	2023	2022	**2023**	2022
	€	€	**€**	€
Within 1 year	**5,270,000**	4,398,000	**1,481,000**	794,000
Between 1 and 2 years	**3,234,000**	3,898,000	**1,088,000**	766,000
Between 2 and 3 years	**2,915,000**	2,138,000	**969,000**	111,000
Between 3 and 4 years	**2,256,000**	1,897,000	**492,000**	60,000
Between 4 and 5 years	**2,023,000**	1,697,000	**323,000**	60,000
After 5 years	**6,097,000**	7,084,000	**318,000**	-
	21,795,000	21,112,000	**4,671,000**	1,791,000

(c) Operating leases – Company as lessee

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

	Company	
	2023	2022
	€	€
Within 1 year	**75,000**	-

28. Related party transactions

The Company and its subsidiaries form part of EITML Group, which comprises Emirates International Telecommunications (Malta) Limited (EITML) and its subsidiaries. EITML is the Company's immediate parent, and Dubai Holdings LLC, EITML's ultimate parent, is this reporting entity's ultimate parent company.

In the ordinary course of its operations, the Company and its subsidiaries carry out business with entities owned or controlled by Dubai Holding LLC.

During the year the Company and its subsidiaries entered into transactions with related parties including rental income, rental expense and finance income (Notes 16, 17 and 20). Year end balances owed by/to related parties are disclosed in Notes 8, 9 and 15 to these financial statements. Moreover, the Company is occupying part of one of its subsidiaries' properties as its Head Office and the rent in respect of the said occupancy has been waived by the subsidiary in favour of the parent. The Company's policy is to account for such transactions at the contractual price, in which case amounts to nil.

Key management personnel compensation, consisting of directors' and senior management remuneration, is disclosed as follows:

	Group and Company	
	2023	2022
	€	€
Directors	**125,000**	105,806
Senior management	**393,000**	356,000
	518,000	461,806

29. Reclassification of prior year balances in the statement of cash flows

The Company made certain reclassifications of items in the statement of cash flows in the prior year to conform and align with the current year presentation.

30. Statutory information

Malta Properties Company p.l.c. is a public limited liability company domiciled and incorporated in Malta. The Company's immediate parent company is Emirates International Telecommunications (Malta) Limited which is ultimately controlled by Dubai Holding LLC, with registered office situated at Um Suqeim 3, PO Box 66000, Dubai, UAE. Dubai Holding LLC is owned by The Government of Dubai. As Vice-President and Prime Minister of the UAE and Ruler of Dubai, H.H. Sheikh Mohammad Bin Rashid Al Makhtoum is the head of the Government of Dubai.

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

Independent auditor's report

to the members of
Malta Properties Company plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Malta Properties Company plc (the Company) and the consolidated financial statements of the Company and its subsidiaries (together, the Group), which comprise the statements of financial position of the Company and the Group as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Company and the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Malta Properties Company plc and the Group as at 31 December 2023, and of the Company's and the Group's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRSs) as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants including International Independence Standards* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that is relevant to our audit of the financial statements of public interest entities in Malta. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit, we have remained independent of the Company and the Group and have not provided any of the non-audit services prohibited by article 18A(1) of the Accountancy Profession Act (Cap. 281).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. The key audit matter described below pertains to the audit of both the individual and the consolidated financial statements. This matter was 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 this matter.

Key Audit Matters (continued)
Valuation of investment properties and related fair value disclosures

The Company and the Group account for its investment properties at fair value. The establishment of the fair value of this investment properties is significant to our audit because the recognised fair value is material to both the individual and consolidated financial statements. As at 31 December 2023, investment property in the individual and consolidated financial statements amounted to EUR16.9 million and EUR87.3 million, respectively, or 24% and 88% of the Company and the Group's total assets, respectively.

In determining the fair value of these investment properties as at 31 December 2023, the directors engaged an independent external valuer. In valuing the investment property, the income approach was used whereby the independent external valuer estimated the expected free cash flows to be derived from the operation of the properties using market rental rates of comparable properties and/or the contractual rental rates and an expected exit value based on a certain capitalisation rate. This process is highly judgmental as it uses certain assumptions such as discount rates, future increases in fair market rental rates and capitalisation rates.

Our audit response with respect to the valuation of the investment property as at 31 December 2023 included the following:

- Evaluating the design and implementation of key controls over the Group's valuation process;
- Assessing the competence, capability and objectivity of the independent external valuer appointed by the directors;
- Reviewing the underlying basis of valuation applied by the directors and their independent external valuer to assess whether the valuation approach was consistent with IFRS and industry norms; and
- Together with the involvement of the internal valuation specialists, reviewed the directors' and their independent external valuer's assessment of fair value, which included reviewing the appropriateness of the underlying key assumptions and factors used and applying alternative valuation techniques in order to assess whether the valuation falls within an acceptable range as at 31 December 2023.

The Company's and the Group's disclosures about fair value are included in Note 6, which explains the manner in which the fair value of the investment properties was determined by the directors.

Our audit work focused on evaluating the appropriateness of the Company's and the Group's disclosures, in particular on those assumptions which were most sensitive to the valuation based on their outcome, that is, those that had the most significant effect on the determination of the fair value of the investment properties.

Other Matter
The financial statements of the Company and the consolidated financial statements of the Group for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 14 March 2023.

Other Information
The directors are responsible for the other information. The other information comprises the General information, the Directors' Report and the Corporate Governance Statement of Compliance, the Chairman's message, the Chief Executive Officer's review and the Remuneration Report required under Rule 12.26K of the Capital Markets Rules, which we obtained prior to the date of this auditor's report.

However, the other information does not include the individual and consolidated financial statements, our auditor's report and the relevant tagging applied in accordance with the requirements of the European Single Electronic Format, as defined in our *Report on Other Legal and Regulatory Requirements.*

Independent auditor's report

to the members of
Malta Properties Company plc

Other Information (continued)
Except for our opinions on the Directors' Report in accordance with the Companies Act (Cap. 386) and on the Corporate Governance Statement of Compliance and on the Remuneration Report in accordance with the Capital Markets Rules issued by the Malta Financial Services Authority, our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386), and the statement required by Rule 5.62 of the Capital Markets Rules on the Company's and the Group's ability to continue as a going concern.

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

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

In the light of the knowledge and understanding of the Company, the Group and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities of the Directors and the Audit Committee for the Financial Statements
As explained more fully in the Statement of Directors' responsibilities, 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 European Union and the requirements of the Companies Act (Cap. 386), and for such 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.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group'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 and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors have delegated the responsibility for overseeing the Company's and the Group's financial reporting process to the Audit Committee.

Auditor's Responsibilities for the Audit of the Financial Statements
This report, including the opinions set out herein, has been prepared for the Company's members as a body in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386).

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
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 opinions in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386). 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.

In terms of article 179A(4) of the Companies Act (Cap. 386), the scope of our audit does not include assurance on the future viability of the Company and the Group or on the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Company and the Group. The financial position of the Company and/or the Group may improve, deteriorate, or otherwise be subject to change as a consequence of decisions taken, or to be taken, by the management thereof, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

As such, our audit report on the Company's and the Group's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Company and/or the Group, and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), the Company and/or the Group. Any decision-making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the prospects of the Company and/or the Group and to identify any facts or circumstances that may be materially relevant thereto.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

- 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 and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and/or the Group to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Company’s and/or the Group’s ability to continue as a going concern in our auditor’s report should not be viewed as a guarantee as to the Company’s and/or the Group’s ability to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Company, including the formulation of a view as to the manner in which financial risk is distributed between shareholders and/or creditors cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

We communicate with the Audit Committee 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 the Audit Committee 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, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the individual and consolidated 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.

Deloitte.

Independent auditor's report

to the members of
Malta Properties Company plc

Report on Other Legal and Regulatory Requirements

Report on compliance of the Annual Financial Report with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the "ESEF RTS")

Pursuant to Capital Markets Rule 5.55.6 issued by the Malta Financial Services Authority, we have undertaken a reasonable assurance engagement in accordance with the requirements of the *Accountancy Profession (European Single Electronic Format) Assurance Directive* issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281), hereinafter referred to as the "ESEF Directive 6", on the annual financial report of the Company and the Group for the year ended 31 December 2023, prepared in a single electronic reporting format.

Solely for the purposes of our reasonable assurance report on the compliance of the annual financial report with the requirements of the ESEF RTS, the "Annual Financial Report" comprises the Directors' Report, the Statement of Directors' responsibilities, the Corporate Governance Statement of Compliance, the annual financial statements, the prescribed disclosures of material contracts, General Company Information, and the Independent auditor's report, as set out in Capital Markets Rules 5.55.

Responsibilities of the Directors for the Annual Financial Report
The directors are responsible for:

- the preparation and publication of the Annual Financial Report, including the consolidated financial statements and the relevant tagging requirements therein, as required by Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS,
- designing, implementing, and maintaining internal controls relevant to the preparation of the Annual Financial Report that is free from material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error,

and consequently, for ensuring the accurate transfer of the information in the Annual Financial Report into a single electronic reporting format.

Auditor's responsibilities for the Reasonable Assurance Engagement
Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tags therein comply, in all material respects, with the ESEF RTS, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

The nature, timing and extent of procedures we performed, including the assessment of the risks of material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error, were based on our professional judgement and included:

- Obtaining an understanding of the Company's and the Group's internal controls relevant to the financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

Report on Other Legal and Regulatory Requirements (continued)

- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.

- Examining the information in the Annual Financial Report to determine whether all the required tags therein have been applied and evaluating the appropriateness, in all material respects, of the use of such tags in accordance with the requirements of the ESEF RTS.

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

Reasonable Assurance Opinion
In our opinion, the Annual Financial Report for the year ended 31 December 2023 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

This reasonable assurance opinion only covers the transfer of the information in the Annual Financial Report into a single electronic reporting format as required by the ESEF RTS, and therefore does not cover the information contained in the Annual Financial Report.

Report on Corporate Governance Statement of Compliance
Pursuant to Rule 5.94 of the Capital Markets Rules issued by the Malta Financial Services Authority, the directors are required to include in the Company's Annual Financial Report a Corporate Governance Statement of Compliance explaining the extent to which they have adopted the Code of Principles of Good Corporate Governance set out in Appendix 5.1 to Chapter 5 of the Capital Markets Rules, and the effective measures that they have taken to ensure compliance with those principles. The Corporate Governance Statement of Compliance is to contain at least the information set out in Rule 5.97 of the Capital Markets Rules.

Our responsibility is laid down by Rule 5.98 of the Capital Markets Rules, which requires us to include a report to shareholders on the Corporate Governance Statement of Compliance in the Company's Annual Financial Report.

We read the Corporate Governance Statement of Compliance and consider the implications for our report if we become aware of any information therein that is materially inconsistent with the financial statements or our knowledge obtained in the audit, or that otherwise appears to be materially misstated. We also review whether the Corporate Governance Statement of Compliance contains at least the information set out in Rule 5.97 of the Capital Markets Rules.

We are not required to, and we do not, consider whether the directors' statements on internal control 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 Corporate Governance Statement of Compliance has been properly prepared in accordance with the requirements of Rules 5.94 and 5.97 of the Capital Markets Rules.

Deloitte.

Independent auditor's report

to the members of
Malta Properties Company plc

Report on Remuneration Report

Pursuant to Rule 12.26K of the Capital Markets Rules issued by the Malta Financial Services Authority, the directors are required to draw up a Remuneration Report, whose contents are to be in line with the requirements listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.

Our responsibility is laid down by Rule 12.26N of the Capital Markets Rules, which requires us to check that the information that needs to be provided in the Remuneration Report, as required in terms of Chapter 12 of the Capital Markets Rules, including Appendix 12.1, has been included.

In our opinion, the Remuneration Report includes the information that needs to be provided in the Remuneration Report in terms of the Capital Markets Rules.

Matters on which we are required to report by exception under the Companies Act

Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

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

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

Auditor tenure

We were first appointed by the members of the Company to act as statutory auditor of the Company and the Group by the members of the Company on 17 May 2023 for the financial year ended 31 December 2023. The period of total uninterrupted engagement as statutory auditor including previous reappointments of the firm is one financial year.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee in accordance with the provisions of Article 11 of the EU Audit Regulation No. 537/2014.

The audit was drawn up on 21 March 2024 and signed by:

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