

MPC 092023



Malta Properties Company plc
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COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Malta Properties Company p.l.c. (“**the Company**”) pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta) as they may be amended from time to time.

Quote

In a meeting held earlier today 30 August 2023, the Board of Directors of the Company approved the Group Interim Unaudited Financial Statements for the six-month period ended 30 June 2023.

The Interim Financial Statements are available for viewing on the Company’s website <http://maltaproperties.com.mt/company-announcements/>

Unquote

A handwritten signature in blue ink, appearing to read 'F. Salomone', with a horizontal line extending to the right.

Dr. Francis Galea Salomone
Company Secretary

30 August 2023

MALTA PROPERTIES COMPANY P.L.C.

Condensed Consolidated
Interim Financial Statements

For the period 1 January 2023 to 30 June 2023

MALTA PROPERTIES COMPANY P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 1 January 2023 to 30 June 2023

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Directors' Report pursuant to Capital Markets Rule 5.75.2

This Half-Yearly Report is being published in terms of Chapter 5 of the Capital Markets Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The half-yearly report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2023 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2022.

Principal activities

The main activities of the Group are property development and the holding of immovable property for rental to others. As the holding company of the Malta Properties Company (MPC) p.l.c. Group, MPC p.l.c is ultimately dependent upon the operations and performance of its subsidiaries and their respective operations. The parent 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.

Review of financial performance

The Group's rental income for the period amounted to €2,354,491 (2022: €1,918,056), an increase of 22.8% over that of the previous period. The increase in rental income is attributable to the increased rent received on the Zejtun Complex and Data Centre which was handed over to GO p.l.c. during the second half of 2022. The increase was partially offset by the fact that no rent was received for the B'Kara Old Exchange which was vacated by GO p.l.c. in Q2 2022.

The Group's operating profit during this period amounted to €1,818,499 (2022: €1,397,115). Operating profit increased as a result of the increase in revenue as reported above. Administrative expenses amounted to €578,447 (2022: €549,714). Finance costs increased from €336,842 in the prior period to €674,400 due to the bond additional drawdown (after repaying loans of €21 million) and a full half year of interest on the loan drawn down in March 2022 upon the acquisition of the MIB property. Moreover, the interest coupon paid on the bond was of 4%, which was higher than the interest rate charged by the banks during the first half of 2022. Finance income increased significantly and amounted to €110,821 (2022: €23); mainly being interest earned on deposits with local financial institutions.

Profit before tax for the period amounted to €1,254,920 (2022: €2,127,211), reflecting the fact that there were no fair value movements for the Group's properties. In the previous period, the gain mainly related to the B'Kara Old Exchange which was fair valued in line with the sale price as per the promise of sale agreement in place. Tax for the period decreased as a result of lower deferred tax recognised compared to the prior period where deferred tax was accounted for on the MIB acquisition. Profit after tax stood at €674,371 (2022: €855,473).

During the period ended 30 June 2023, the value of the Group's property portfolio increased by €2.4 million and reached €84.2 million (31 December 2022: €81.8 million). This increase mainly relates to the renovation of the Marsa Spencer Hill Old Exchange. As of 30 June 2023, the Group's cash and cash equivalents (including deposits) amounted to €11,308,966 (31 December 2022: €18,018,756). The decrease in cash is mainly as a result of an additional bank loan repayment of approximately €4.0 million and the renovation at Marsa Spencer Hill amounting to €2.1 million.

Directors' Report pursuant to Capital Markets Rule 5.75.2 - continued

Related party transactions

During the period under review, dividends paid to the parent company amounted to €790,222 (2022: €729,436).

Commentary on performance

The completion of the Zejtun property in late 2022 had a positive impact on the revenues and operating profits on MPC Group in the first half of 2023. The Zejtun property has been constructed to high standard and is the first building in Malta to incorporate Building Integrated Photovoltaics (BIPV) into the façade of the building. The property has been leased to GO p.l.c. for the long term.

MPC is also benefitting from the issuance of a €25 million Bond in July 2022. The majority of the Bond proceeds were used to repay bank loans. The fixed interest rate of 4.0% payable on the Bond has resulted in MPC making substantial savings in interest cost compared to what it would have paid otherwise on variable rate bank loans. The Bond was issued with a duration of 10 years.

The Group is currently undertaking a full renovation of its Marsa Spencer Hill property. Works are currently ongoing and are expected to be completed through the second half of 2023. A tenant is in place for part of the property and rental income started to be received in Q3.

Revenues and operating profits for the full year of 2023 are expected to show strong growth compared to the previous year. Beyond the near term, MPC plans to continue pursuing its growth strategy albeit with prudence given a number of risks that include increased supply of newly built offices and a slowdown in the economy. Also, a number of lease contracts are due to expire at the end of 2024. Overall, MPC Group remains well positioned for the future with high quality tenants, long term debt financing and a diversified portfolio.

Directors' Report pursuant to Capital Markets Rule 5.75.2 - continued

Directors

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

Mr. Mohamed Sharaf (Chairman)
Mr. Deepak S. Padmanabhan
Dr. Cory Greenland
Mr. Saqib Salman Saeed
Ms. Huda Buhumaid

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 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.

Dividends

A net dividend in respect of the year ended 31 December 2022 of €0.013 per share after taxation (2021: €0.012 per share), amounting to €1,317,000, was declared during the AGM on 17 May 2023 and paid during the period ended 30 June 2023.

The Board of Directors has resolved to determine the extent of any dividend distribution for 2023 on the basis of the full year results. Accordingly, no dividends are declared in respect of 2023 upon the issue of the results for the six-month period ended 30 June 2023.

Approved by the Board of Directors on 30 August 2023 and signed on its behalf by

Cory Greenland
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signed by IG SIGN

Cory Greenland
Director

Deepak Srinivas Padmanabhan
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Deepak Padmanabhan
Director

MALTA PROPERTIES COMPANY P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 1 January 2023 to 30 June 2023

Condensed consolidated interim statement of financial position

| | As at 30.06.2023 Unaudited € | As at 31.12.2022 Audited € |
|-------------------------------|---------------------------------------|-------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Intangible assets | 2,443 | 2,443 |
| Property, plant and equipment | 887,008 | 887,340 |
| Investment property | 84,230,581 | 81,840,117 |
| Trade and other receivables | 14,114 | 14,114 |
| Total non-current assets | 85,134,146 | 82,744,014 |
| Current assets | | |
| Trade and other receivables | 952,557 | 1,192,606 |
| Current tax assets | 86,011 | 169,814 |
| Deposits | 6,030,128 | 4,162,828 |
| Cash and cash equivalents | 5,278,838 | 13,855,928 |
| Total current assets | 12,347,534 | 19,381,176 |
| Total assets | 97,481,680 | 102,125,190 |

Condensed consolidated interim statement of financial position - continued

| | As at 30.06.2023 Unaudited € | As at 31.12.2022 Audited € |
|--------------------------------------|---------------------------------------|-------------------------------------|
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 32,419,356 | 32,419,356 |
| Other reserve | 251,615 | 251,615 |
| Retained earnings | 22,326,959 | 22,969,616 |
| Total equity | 54,997,930 | 55,640,587 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 30,611,742 | 35,078,130 |
| Deferred tax liability | 7,935,919 | 7,700,523 |
| Trade and other payables | 141,460 | 141,460 |
| Total non-current liabilities | 38,689,121 | 42,920,113 |
| Current liabilities | | |
| Borrowings | 905,787 | 799,327 |
| Trade and other payables | 2,599,088 | 2,498,528 |
| Current tax liability | 289,754 | 266,635 |
| Total current liabilities | 3,794,629 | 3,564,490 |
| Total liabilities | 42,483,750 | 46,484,603 |
| Total equity and liabilities | 97,481,680 | 102,125,190 |

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 4 to 14 were authorised for issue by the Board on 30 August 2022 and were signed on its behalf by:

Cory Greenland
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signed by IG SIGN

Cory Greenland
Director

Deepak Srinivas Padmanabhan
2023-08-30T09:34:13+0000

signed by IG SIGN

Deepak Padmanabhan
Director

MALTA PROPERTIES COMPANY P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 1 January 2023 to 30 June 2023

Condensed consolidated interim statement of comprehensive income

| | Six-months ended 30.06.2023 Unaudited € | Six-months ended 30.06.2022 Unaudited € |
|-----------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Rental income | 2,354,491 | 1,918,056 |
| Other income | 42,455 | 28,773 |
| Administrative expenses | (578,447) | (549,714) |
| Operating profit | 1,818,499 | 1,397,115 |
| Finance income | 110,821 | 23 |
| Finance costs | (674,400) | (336,842) |
| Fair value movement arising on property | - | 1,066,915 |
| Profit before tax | 1,254,920 | 2,127,211 |
| Tax expense | (580,549) | (1,271,738) |
| Profit for the period | | |
| - total comprehensive income | 674,371 | 855,473 |
| Earnings per share | 0.007 | 0.008 |

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

MALTA PROPERTIES COMPANY P.L.C.
Condensed Consolidated Interim Financial Statements
For the period 1 January 2023 to 30 June 2023

Condensed consolidated interim statement of changes in equity

| Unaudited | Share capital € | Other reserve € | Retained earnings € | Total € |
|-------------------------------------------|-----------------------|-----------------------|---------------------------|-------------------|
| Balance at 1 January 2022 | 32,419,356 | 250,521 | 24,047,620 | 56,717,497 |
| Comprehensive income | | | | |
| Profit for the period | - | - | 855,473 | 855,473 |
| Total comprehensive income for the period | - | - | 855,473 | 855,473 |
| Transactions with owners | | | | |
| Dividends | - | - | (1,215,722) | (1,215,722) |
| Balance at 30 June 2022 | 32,419,356 | 250,521 | 23,687,371 | 56,357,248 |
| Balance at 1 January 2023 | 32,419,356 | 251,615 | 22,969,616 | 55,640,587 |
| Comprehensive income | | | | |
| Profit for the period | - | - | 674,371 | 674,371 |
| Total comprehensive income for the period | | | 674,371 | 674,371 |
| Transactions with owners | | | | |
| Dividends | - | - | (1,317,028) | (1,317,028) |
| Balance at 30 June 2023 | 32,419,356 | 251,615 | 22,326,959 | 54,997,930 |

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

| | Six-months ended 30.06.2023 Unaudited € | Six-months ended 30.06.2022 Unaudited € |
|---------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Cash flows from operating activities | | |
| Cash generated from operations | 2,662,074 | 3,292,976 |
| Interest paid | (1,097,120) | (336,819) |
| Interest received | 58,803 | - |
| Income tax paid | (288,106) | (294,833) |
| Net cash generated from operating activities | <u>1,335,651</u> | <u>2,661,324</u> |
| Cash flows from investing activities | | |
| Additions to investment property | (2,334,688) | (9,920,764) |
| Purchase of property, plant and equipment | (6,381) | - |
| Restricted deposits | (1,867,300) | 262,000 |
| Net cash used in investing activities | <u>(4,208,369)</u> | <u>(9,658,764)</u> |
| Cash flows from financing activities | | |
| Dividends paid | (1,317,028) | (1,215,722) |
| Bank loan drawdown | - | 6,717,039 |
| Repayment of bank loan | (4,387,344) | (1,060,050) |
| Net cash (used in)/generated from financing activities | <u>(5,704,372)</u> | <u>4,441,267</u> |
| Net movement in cash and cash equivalents | <u>(8,577,090)</u> | <u>(2,556,173)</u> |
| Cash and cash equivalents at beginning of period | <u>13,855,928</u> | <u>11,867,689</u> |
| Cash and cash equivalents at end of period | <u>5,278,838</u> | <u>9,311,516</u> |

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, have been extracted from the Group's unaudited accounts for the six months ended 30 June 2023 and have been reviewed in terms of ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The half-yearly results are being published in terms of Chapter 5 of the Capital Markets Rules of the Malta Financial Services Authority.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those of the annual financial statements of Malta Properties Company p.l.c. for the year ended 31 December 2022, as described in those financial statements.

Standards, interpretations and amendments to published standards effective during the reporting period

During the financial period under review, the Group and Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group and the Company's accounting period beginning on 1 January 2023. Adoption of new standards, amendments and interpretations to existing standards that are mandatory for accounting period beginning on 1 January 2023 did not result in changes to the Group and Company's and its subsidiaries' accounting policies and did not require retrospective adjustments.

Investment property

Movements in investment property for the period were as follows:

| | 2023 € | 2022 € |
|--------------------------------------|-------------------|-------------------|
| Period ended 30 June | | |
| Opening carrying amount | 81,840,117 | 71,356,700 |
| Additions | 2,390,464 | 10,180,525 |
| Net gains from changes in fair value | - | 41,152 |
| Closing carrying amount | <u>84,230,581</u> | <u>81,578,377</u> |

The carrying amount of investment property as at the end of the period was as follows:

| | As at 30.06.2023 € | As at 31.12.2022 € |
|---------------------------------|--------------------------|--------------------------|
| Cost or valuation | 74,435,945 | 72,045,481 |
| Net cumulative fair value gains | 9,794,636 | 9,794,636 |
| Carrying amount | <u>84,230,581</u> | <u>81,840,117</u> |

Notes to the condensed consolidated interim financial statements - continued

Investment property - continued

Investment property comprises commercial property, of which 64% (2022: 56%) was leased out to a related party.

Fair value gains from investment property classified as held for sale not disclosed above

Fair value gains in the statement of comprehensive income include fair value gains from investment property classified as held for sale, more specifically, a property known as the B'Kara Old Exchange owned by one of the Company's subsidiaries. The subsidiary sold the property to third parties on 27 September 2022. In 2022, the fair value movement on such property amounted to €1,025,763.

Fair valuation of land and buildings

The Group's investment property were revalued in December 2022 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 2022, on the basis of an assessment by the independent property valuers, and the carrying amounts were adjusted accordingly during the financial period. Valuations by an independent firm of property valuers were not carried out for the period ended 30 June 2023. Nevertheless, the directors believe there is no significant movement in terms of the valuations done last December 2022.

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 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.

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 30 June 2023 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 six-month period ended 30 June 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 during the six-month period ended 30 June 2023 reflects additions.

Notes to the condensed consolidated interim financial statements - continued

Investment property - continued

Valuation processes

The valuations of the properties are performed at least 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 MPC. The Audit Committee considers the valuation report as part of its overall responsibilities.

At the end of every reporting year, 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 a variety of methods, including the discounted cash flow method and an adjusted sales comparison 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 discounted cash flow method are the free cash flows arising from the projected income streams expected to be derived from the operation of 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. Going forward, all the rental streams are adjusted to reflect contracted rental adjustments including annual growth rates. An average growth rate of 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.

Notes to the condensed consolidated interim financial statements - continued

Investment property - continued

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

| | Fair value at 30 June 2023 €000 | Valuation technique | Significant unobservable input | Range of unobservable inputs |
|-------------------------------------------------|------------------------------------------|-----------------------------|--------------------------------------|------------------------------------|
| Land and buildings | | | | |
| Current use as office premises | 49,165 | Discounted cash flow method | Discount rate | 5.30% - 7.12% |
| Developable land for industrial/commercial use | 24,494 | Discounted cash flow method | Discount rate | 5.95% - 6.85% |
| Marketed as extended-commercial premises | 8,127 | Discounted cash flow method | Discount rate | 6.22% |
| Marketed as residential-commercial developments | 2,445 | Discounted cash flow method | Discount rate | 5.8% |

| | Fair value at 31 December 2022 €000 | Valuation technique | Significant unobservable input | Range of unobservable inputs |
|-------------------------------------------------|----------------------------------------------|-----------------------------|--------------------------------------|------------------------------------|
| 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 | 5.8% |

In respect of the discounted cashflow approach, 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.

Notes to the condensed consolidated interim financial statements - continued

Fair values of financial instruments not carried at fair value

At 30 June 2023 and 31 December 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 carrying amount of the Company's non-current amounts receivable from subsidiaries fairly approximates the estimated fair value of these assets based on discounted cash flows. 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, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

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

Borrowings

Total bank loan repayments during the six-month period amounted to €4,387,344. A portion of these borrowings amounting to €3,962,500 was an early repayment made in February 2023 from the proceeds of the disposal of the B'Kara Old Exchange.

Bonds

Malta Properties Company plc issued 25,000,000 bonds with a face value of €100 each which were admitted on the Official List of the Malta Stock Exchange on 7 July 2022. The bonds have a coupon interest of 4.0% which is payable annually in arrears and on 30 June 2023 the company made its first bond interest payment. The quoted market price as 30 June 2023 for the bonds was €100 which in the opinion of the directors fairly represents the fair value of these financial liabilities.

Segment information

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 this half-yearly report is not deemed applicable.

Commitments

Commitments which have been authorised and contracted for relating to the development of investment property not provided for in the interim financial statements amounted to €2,081,151 as at 30 June 2023 (2022: €2,145,442).

Notes to the condensed consolidated interim financial statements - continued

Dividends

A dividend in respect of the year ended 31 December 2022 of €0.013 (2021: €0.012) per share, amounting to €1,317,028 (2021: €1,215,722), was proposed by the Board of Directors during the period. The 2022 dividend was approved for payment at the Company's AGM and was paid on 23 May 2023.

Contingencies

As of 30 June 2023, guarantees of €31,517,000 (31 December 2022: €38,000,000) were issued by the Company, together with its fellow subsidiaries, in favour of its bondholders and bankers for facilities provided.

Related party

(a) Parent and ultimate controlling party

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.

(b) Related party transactions

Consistent with the disclosures in the audited financial statements for the year ended 31 December 2022, the Group has a related party relationship with its ultimate parent and entities ultimately controlled by it (see above); key management personnel (group companies' directors) together with close members of their family and entities controlled by them.

The principal related party transactions during the six-month period under review comprise:

| | Six months ended 30.06.2023 € | Six months ended 30.06.2022 € |
|----------------------------------------------|----------------------------------------|----------------------------------------|
| Related entities | | |
| Dividends paid to parent | 790,222 | 729,436 |
| Services provided to other related parties | 1,522,919 | 1,090,955 |
| Services received from other related parties | 2,050 | 2,563 |

Events after reporting period

After the end of the reporting period, 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 circa €800,000 was transferred from property, plant and equipment to investment property after the end of the reporting period. The registered office of MPC remains unchanged at 'The Bastions' Triq Emvin Cremona, Floriana FRN 1281.

Statement pursuant to Capital Markets Rule 5.75.3

I confirm that to the best of my knowledge:

- the condensed consolidated interim financial information gives a true and fair view of the financial position of the Group as at 30 June 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting');
- the Interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

Cory Greenland
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signed by IG SIGN

Cory Greenland
Director

30 August 2023

Independent review report of condensed interim consolidated financial statements

to the Board of Directors of Malta Properties Company p.l.c.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Malta Properties Company p.l.c. and its subsidiaries (together the "Group"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2023, and the related condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six month period then ended and other explanatory notes. We have read the other information contained in the financial report and considered whether it contains any apparent misstatement or material inconsistencies with the information in the condensed set of interim consolidated financial statements.

Directors' responsibilities

The condensed consolidated interim financial statements is the responsibility of, and has been approved by the directors and is released for publication in compliance with the requirement of Rule 5.74 of the Capital Markets Rules. As disclosed in page 9, the condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU applicable to interim financial reporting (IAS 34 *Interim Financial Reporting*).

Our responsibility

Our responsibility is to express to the Group a conclusion on the interim condensed set of consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As with the statutory audit of the Group prepared in accordance with articles 179, 179A and 179B of the Companies Act (Cap.386), the scope of our review does not address the future viability of the Group or the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Group. Decisions taken, or to be taken, by the management of the Group may impact the financial position of the Group as may events occurring after the date of our review, including, but not limited to, events of force majeure.

Independent review report of condensed interim consolidated financial statements

to the Board of Directors of Malta Properties Company p.l.c.

Scope of Review (continued)

As such, our review of the Group's historical condensed interim 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 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 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 Group and to identify any facts or circumstances that may be materially relevant thereto.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Group, 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 the interim consolidated financial statements alone and must necessarily be based on a broader analysis supported by additional information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not present fairly, in all material respects, in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU and the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*.

This review report was drawn up on 30 August 2023 and signed by:

Antoine Carabott
2023-08-30T09:49:51+0000 signed by IG SIGN

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