The Directors
Shoreline Mall p.l.c.
Suite 407, Level 4
Block SMC 01,
Smart City,
Ricasoli
Malta

Re: Financial Analysis Summary – 2021

26th October 2021

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Shoreline Mall p.l.c. (the "**Issuer**" or "**SMP**") as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 30 April2019, 2020 and 2021 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the financial years ending 30 April 2022, 2023 and 2024 has been provided by management.

(c) Our commentary on the Issuer's results and financial position is based on the explanations set out by the Issuer in the Prospectus and MFSA Listing Policies.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in the Bonds. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,

Nick Calamatta
Director

FINANCIAL ANALYSIS SUMMARY 2021

THE SHORELINE

Shoreline Mall p.l.c.

26 October 2021

Prepared by Calamatta Cuschieri Investment Services Ltd

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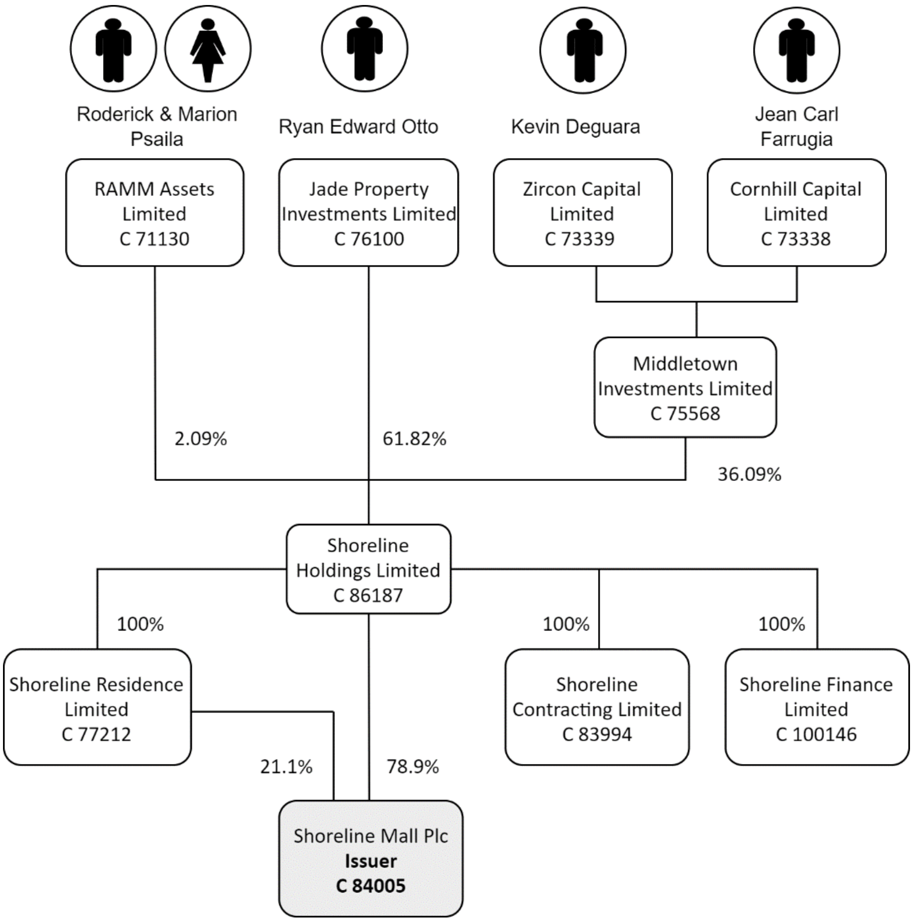
Introduction

Shoreline Mall p.l.c. has issued €14 million 4% Secured Bonds 2026 and €26 million 4.5% Secured Bonds 2032 pursuant to a prospectus dated 18 June 2020. This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

Part 1 Information about the Group

1.1 Issuer's Key Activities and Structure

The Group structure is as follows:



The "**Group**" of companies or the "**Shoreline Group**", consists of the "**Issuer**", Shoreline Holdings Limited acting as the "**Holding**" company of the Issuer and its fellow subsidiaries being: Shoreline Residence Limited, Shoreline Contracting Limited and Shoreline Finance Limited. The principal activity of the Issuer is the development of a shopping mall, seven luxury residential units, and a car park complex in Smart City, Kalkara (the "**Shoreline Mall Project**"). Upon completion, the luxury residential units will be sold, whereas the retail areas within the shopping mall will be leased out to third parties.

The Issuer, Shoreline Mall Plc (SMP), was incorporated on 15 December 2017 with registration number C84005 and was converted into a public liability company on the 18 October 2019. SMP was established to carry out the "Shoreline Mall Project", being the development of a mall complex, seven luxury residences, and a car park complex in Smart City. The Issuer has an authorised share capital of €21,000,000 divided into 20,999,999 Ordinary A Shares and 1 Ordinary B Share all having a nominal value of €1 each. The issued share capital of the Issuer is €21,000,000 divided into 16,575,997 Ordinary A Shares of €1 each 100% paid up in name of Shoreline Holdings Limited, 4,424,002 Ordinary A Shares of €1 each 33.9% paid up in name of Shoreline Residence Limited, and 1 Ordinary B Share of €1 fully paid up in name of Shoreline Residence Limited.

Shoreline Holdings Limited (SHL), company registration number C 86187, was set up on 8 May 2018 and acts as the holding company of the Shoreline Group. SHL has an authorised share capital of €15,000,000 divided into 15,000,000 ordinary shares all having a nominal value of €1 each. The issued share capital is of €11,497,700 divided into 11,497,700 ordinary shares, which are divided into 5,108,183 Ordinary A Shares 100% paid up, 2,000,000 Ordinary A Shares 25% paid up, 239,926 Ordinary B Shares 100% paid up, 2,149,591 Ordinary C Shares 100% paid up, and 2,000,000 Ordinary C Shares 25% paid up. The shareholders of SHL are; Jade Property Investments Limited (61.82%), Middletown Investments Limited (36.09%), and RAMM Assets Limited (2.09%).

Shoreline Residence Limited (SRL), company registration number C 77212, and Shoreline Contracting Limited (SCL), company number C 83994, were incorporated on 12 September 2016 and 15 December 2017, respectively. SRL will own the airspace above podium level which will encompass the residential apartments development. SCL will engage third-party contractors and recharge these services to both SRL and SMP in order to execute the development programme.

Shoreline Finance Ltd., company registration number C 100146, was set up on 9 September 2021 and will act as a finance company for SRL. The company's principal activity is to arrange and provide finance for the construction of residential apartments being undertaken by SRL, which fall outside the scope of Shoreline Mall's project.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of this Analysis, the board of directors of the Issuer is constituted by the following persons:

Name	Office Designation
Mr. Benjamin Muscat	Independent Non-executive Director, Chairman
Mr. Robert Ancilleri	Independent Non-executive Director
Mr. Charles Scerri	Independent Non-executive Director
Mr. Ryan Edward Otto	Executive Director
Dr. Jean Carl Farrugia	Non-executive Director
Dr. Kevin Deguara	Non-executive Director
Mr. Roderick Psalia	Non-executive Director

The business address of all of the directors is the registered office of the Issuer. Refer to section 8 of the Registration Document for the *curriculum vitae* of the Issuer's directors.

Dr. Johan Farrugia is the company secretary of the Issuer.

The board is composed of seven directors who are entrusted with the overall direction and management of the Issuer. The executive director is entrusted with the decision making and the day-to-day management of the Issuer, whereas the non-executive directors, three of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny. Other than the independent non executive directors, company secretary and site assistant, all other employees are employed by SCL.

1.3 Major Assets owned by the Group

SRL acquired the designated Area from Smartcity (Malta) Limited (C 41194), in virtue of a deed in the records of Notary Joseph Smith La Rosa of the 17 April 2019 by the title of sub-emphyteusis. On 24 October 2019, the Issuer acquired the Shoreline Mall Site from SRL for consideration of €13 million. Up until September 2021, SHL and its subsidiaries incurred approximately €26 million in costs related to the development of the Shoreline Project, including the aforementioned consideration to acquire the site.

This site is located in Smart City, Kalkara, and is bounded on the South by third-party property, West by the Northern Urban Ring Road, North East by the promenade area, and South East in part by the Laguna area and in part by the divided portion of land which forms part of the Emphyteutical Land.

It is to note that as per discussion with senior management of the Group, no new major assets have been added since the previous Financial Analysis Summary dated 18 June 2020.

1.4 Operational Developments

As discussed above, the principal activity of the Issuer is concerned with the development of the Shoreline Mall Project, being a shopping mall, seven luxury residential units, and a car park complex in Smart City, Kalkara. During the financial year ended 30 April 2021, SMP issued a bond issue of €40 million split into two tranches:

- Tranche A amounting to €14 million (4%) maturing in 2026
- Tranche B amounting to €26 million (4.5%) and maturing in 2032

The net proceeds of the bond issue, *circa* €39.3 million, are being used by the Issuer for the construction of the Shoreline Project. The bond is secured by a special hypothec over the value of the Shoreline Project, which was valued by an independent architect.

The proposed development will comprise of a commercial component consisting of a shopping mall with a total gross area of 25,000 sqm spread over two floors, of which 14,000 sqm consist of various rental retail spaces. Management expects the mall structure to be completed by May 2022 and ready for tenant fit-out to commence by September 2022. Operations should then commence in Q1 2023.

The Shoreline Mall Project will also comprise the development of seven foreshore luxury residential units which shall be retained for sale purposes. Management expects these residential units to be completed by end of September 2022, with contracts expected to be signed by Q1 2023.

Since the issuance of the previous Financial Analysis Summary dated 18 June 2020, the project has been delayed. As per discussions with senior management, the reasons are the following:

- The third party with which SCL was originally intended to sub-contract the design and build stage of the Project , was faced with legal issues shortly after being identified. In this respect, SCL elected to re-tender the design and build phase, with this ultimately partly resulting in the aforementioned delays;
- The COVID-19 pandemic also created delays as general restrictions were imposed, creating complications around processing work permits as well as the inbound transportation of the workforce.

In terms of the development of the car park, SMP is intended to develop 1,037 car parking spaces split between 721 parking spaces complementing the shopping mall which shall be retained and operated by the Issuer, and 316 parking spaces complementing the residential component for sale purposes. The former will be made available for use by customers at reduced rates, and the latter has been committed by the Issuer to SRL for resale upon completion.

This reflects 189 more car parking spaces in comparison with previous plans. This increase is predominantly a result of design changes to make more efficient use of the existing area. Thus, the mall is expected to generate more parking revenue due to increased footfall and consequently an increase in commercial revenue for the mall itself.

Development costs of the mall and mall car park are estimated at €48.9 million, including allocation costs and overheads projected throughout the development of the project. Upon completion, the combined value of the mall and mall car park is estimated at €77 million, with the combined value of the residential units and the residential car park estimated at €23.5 million. Management noted that there were a number of design changes to achieve a more efficient floor layout, including both in terms of the car space layout and the common areas, as well as the facility rooms. Some additional costs were incurred, however, the improved design also resulted in savings, therefore the difference in cost was immaterial.

The mall components, being the in-scope components for the bond issue in line with the prospectus issued by the Issuer dated 18 June 2020, which will be referred to throughout this Analysis include (i) the mall (the commercial component), (ii) the seven residential units, (iii) the mall car park, and (iv) the residential car park.

1.5 COVID-19 impact on the Group's operational and financial performance

The COVID-19 pandemic has had a dramatic impact on world economies since March 2020, significantly disrupting business and economic activity as governments introduced unprecedented measures in efforts to contain the spread of the virus. Even though the global vaccination rate is increasing and Europe is above average in this respect, travel and freedom of movement remain conditioned to the pick up of the spread due to the emergence of new variants or the failure to achieve herd immunity in the population.

With the travel restrictions being imposed due to COVID, the Issuer has experienced a slow down in the number of viewings of the residential units. However, as per management discussions, the Issuer expects the impact on cash flows to be minimal since the majority of these are expected to happen post completion of the project. To mitigate this situation, the main construction contract has been based on a fixed price, design, and build and is milestone-based. Therefore the potential for cost overruns is assumed to be low. The contractor is further bound by strict performance obligations backed by a performance bond in favour of the Company.

1.6 Listed Debt Securities of the Issuer

The Issuer has the following outstanding debt securities:

4% SHM PLC Secured Bonds 2026 (Series A)	MT0002351204	14
4.5% SHM PLC Secured Bonds 2032 (Series B)	MT0002351212	26

Part 2 Historical Performance and Forecasts

The Issuer was incorporated on 15th December 2017 and the mall has yet to commence operations and, accordingly, has no trading record or history of operations.

As per the requirements of the Companies Act (Chapter 386 of the Laws of Malta), Art 174 (3), following the admission of the bond issue to the Malta Stock Exchange ('MSE'), financial statements have to be prepared for the Issuer of the bond. Given that the whole operation of the Shoreline Project will be undertaken by the Issuer, the financial projections relate to the Issuer, SMP.

For the purpose of this document, the focus is on a review of the performance of the Issuer. The historical financial information pertaining to FY19-FY21 of the Issuer are set out from section 2.1 to section 2.3 of this Analysis. Forecasts pertaining the Issuer for the period ending 30 April 2022 to 30 April 2024 are based on management projections and are set out in section 2.5 of this Analysis.

2.1 Issuer's Statement of Comprehensive Income

Income Statement	FY 2019	FY 2020	FY 2021
	€'000s	€'000s	€'000s
Revenue	-	10	-
Administrative expenses	(7)	(34)	(280)
Loss before tax	**(7)**	**(24)**	**(280)**
Income tax	-	-	-
Loss after tax	**(7)**	**(24)**	**(280)**

Apart from €10k in other income generated during 2019, the Issuer did not recognise any material revenue since incorporation as the project is still at a pre-development stage. Expenses incurred by the Issuer in FY21 amounted to €280k in administrative expenses relating to the development of the mall components which were not capitalised. No income was registered in FY21. As noted above, the Issuer has not yet started trading and, as a result, registered a loss of €280k during FY21.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	FY 2019	FY 2020	FY 2021
	€'000s	€'000s	€'000s
Assets			
Non-current assets			
Investment property under construction	1,965	11,386	15,818
Other assets	-	62	-
Total non-current assets	**1,965**	**11,448**	**15,818**
Current assets			
Inventory under construction	-	7,545	7,216
Other receivables	59	88	182
Amounts due from related parties	-	83	15,562
Cash and cash equivalents	-	1,132	20,080
Total current assets	**59**	**8,848**	**43,040**
Total assets	**2,024**	**20,296**	**58,858**
Equity			
Share capital	1	18,076	18,076
Shareholders' contibutions	1,246	-	-
Accumulated losses	(7)	(31)	(311)
Total equity	**1,240**	**18,045**	**17,765**
Liabilities			
Debt securities in issue	-	-	39,362
Lease liabilities	-	149	148
Non-current liabilities	**-**	**149**	**39,510**
Current liabilities			
Other payables	7	35	1,454
Amounts due to related parties	777	2,067	129
Lease liabilities	-	-	-
Total current liabilities	**784**	**2,102**	**1,583**
Total liabilities	**784**	**2,251**	**41,093**
Total equity and liabilities	**2,024**	**20,296**	**58,858**

The Issuer's total assets as at FY21 grew to €58.9 million compared to the prior year (FY20: €20.3 million). This increase is mainly attributable to the issuance of the €40 million secured bonds as described in section 1.4 of this Analysis, which, as expected, resulted into an uplift in the cash and cash equivalents balance as end of year to €20 million during FY21 (FY20: €1.1 million). In addition, the Issuer paid SCL €15.5 million in advance in relation to the construction of the project, with these being captured under current assets during FY21 as amounts due from related parties.

The decline in non-current assets of €16 million, when compared to previous expectations, relate to the delays experienced in the completion of the project that resulted in a lower value of the construction project in-progress being classified as a non-current asset.

In view of the Issuer's FY21 accumulated losses, the total equity has reduced slightly to €17.8 million, with this being the main reason for the decline in the Issuer's total equity when compared to previous expectations.

Inevitably, the total liabilities of the Issuer increased to €41.1 million during FY21 (FY20: €2.3 million), predominantly as a result of the issue of the bonds. The increase in liabilities was partially offset by a decrease in amounts payable to group companies for the cost of works over the Shoreline Mall site.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement	FY 2019	FY 2020	FY 2021
	€'000s	€'000s	€'000s
Cash flows from operating activities			
Loss before taxation	(7)	(24)	(280)
Adjustments for:			
Movement in inventory	-	(1,494)	(1)
Movement in other receivables	(59)	29	(94)
Allowance in other payables	7	(33)	25
Interest paid on lease liabilities		(3)	(6)
Net cash flows generated from/(used in) operating activities	**(59)**	**(1,525)**	**(356)**
Cash used in investing activities			
Movement in investment property under construction	(1,965)	(2,400)	(2,702)
Advance payments for construction costs	-	-	(14,420)
Payments made at or before lease commencement	-	(3)	-
Net cash flows generated from/(used in) investing activities	**(1,965)**	**(2,403)**	**(17,122)**
Cash flows from financing activities			
Proceeds from issue of share capital	1	3,829	-
Net proceeds from debt securities issued		-	38,220
Payment of bond transaction costs		(62)	(577)
Financing to related parties		1,293	(1,297)
Financing from parent and related parties	2,023	-	80
Net cash flows generated from / (used in) financing activities	**2,024**	**5,060**	**36,426**
Movement in cash and cash equivalents	**-**	**1,132**	**18,948**
Cash and cash equivalents at the start of the year	-	-	1,132
Cash and cash equivalents at end of year	**-**	**1,132**	**20,080**

After accounting for the loss before tax incurred by the Issuer and working capital movements, the Issuer registered a negative cash flow balance from operating activities of €356k during FY21. Management noted that the main difference in operating cash flows activities in comparison to previous expectations relate to development costs that were all previously presented under operating activities are now being presented seperately between development costs of inventory, shown under operating activites, whilst development costs relating to investment property and those paid in advance are presented under investment activities. In this respect, the difference in the exact figure relates to the delays faced by the Issuer as noted in section 1 of this Analysis.

The aforementioned reason therefore also explains the cashflow variance under investing activities.

In line with previous expectations, the Issuer's financing activities during FY21 mainly reflect the proceeds collected from the issuance of bonds, with these amounting to €36.4 million during FY21.

2.4 Variance Analysis

Statement of Comprehensive Income	Apr-21 Forecast	Apr-21 Audited	Variance
	€'000s	€'000s	€'000s
Revenue - retail space	-	-	-
Revenue - carpark	-	-	-
Revenue - luxury residences	-	-	-
Total Revenue	**-**	**-**	**-**
Administrative expenses	(13)	(280)	(267)
EBITDA	**(13)**	**(280)**	**(267)**
Depreciation	-	-	-
EBIT	**(13)**	**(280)**	**(267)**
Amortisation of bond issue costs	(90)	-	90
Investment income on excess cash	194	-	(194)
Interest expense on short-term negative cash balance	(1)	-	1
Finance costs	(1,730)	-	1,730
Capitalised interest	1,730	-	(1,730)
Profit / (loss) before tax	**90**	**(280)**	**(370)**
Tax expense	(68)	-	68
Net Income	**22**	**(280)**	**(302)**

The Issuer had forecasted to generate a net income of €22k in FY21 however due to a number of unforeseen events the Issuer incurred €280k loss in the same year.

The Issuer incurred higher administrative expenses when compared to previous expectations, partly as a result of incurring higher than estimated adminstrative expenses from becoming a public company as well as from higher general operational costs.. The Issuer also incurred an unexpected €40k in bank charges relating to having a high cash balance

In addition, management further reported that the amortisation of bond issue costs incurred had been capitalised during FY21 and is therefore not shown on the income statement .

Specifically, management noted that during FY21 the Issuer did not generate investment income on their excess cash vs. their previous expectation of €194k due to encountering difficulties of opening a suitable investment account, resulting from stricter compliance, due diligence and more timeous procedures being required to be performed by financial institutions.

The incurred finance costs of €1.4m during FY21, which does not reflect a full year of interest payment, have been capitalised and will be depreciated in future periods hence no finance costs have been reported in the income statement. In conclusion, since the Issuer did not generate revenue, SMP did not incur tax expenses in FY21 as it had been previously anticipated.

2.5 Issuer's Financial Forecasts

Income Statement - Consolidated	Apr-2022F	Apr-2023F	Apr-2024F
	€'000s	€'000s	€'000s
Revenue - retail space	-	561	4,433
Revenue - carpark	-	1,653	7,326
Revenue - luxury residences	-	14,700	
Total Revenue	**-**	**16,914**	**11,759**
Cost of Sales	-	(9,506)	(5,654)
Gross Profit	**-**	**7,408**	**6,105**
Administrative expenses	(296)	(318)	(357)
EBITDA	**(296)**	**7,090**	**5,748**
Depreciation	-	(398)	(2,385)
EBIT	**(296)**	**6,692**	**3,363**
Amortisation of bond issue costs	(77)	(77)	(77)
Finance Costs	(1,730)	(1,730)	(1,730)
Capitalised interest and bond issue cost	1,807	1,506	
Profit / (loss) before tax	**(296)**	**6,391**	**1,556**
Tax	-	(2,096)	(665)
Profit / (loss) for the year	**(296)**	**4,295**	**891**
Other comprehensive income:			
Net revaluation of Invetsment property	-	10,507	2,385
Comprehensive Income	**(296)**	**14,802**	**3,276**

Ratio Analysis	Apr-2022F	Apr-2023F	Apr-2024F
Profitability			
Growth in Revenue (YoY Revenue Growth)	n/a	n/a	-30.5%
Gross Profit Margin (Gross Profit / Revenue)	n/a	43.8%	51.9%
EBITDA Margin (EBITDA / Revenue)	n/a	41.9%	48.9%
Operating (EBIT) Margin (EBIT / Revenue)	n/a	39.6%	28.6%
Net Margin (Profit for the year / Revenue)	n/a	25.4%	7.6%
Return on Common Equity (Net Income / Total Equity)	-1.7%	17.3%	2.6%
Return on Assets (Net Income / Total Assets)	-0.5%	4.9%	1.1%
Interest Coverage (EBITDA / Cash interest paid)	(0.2)x	4.1x	3.3x

In view of the delays discussed in section 1.4 of this Analysis, management now expects the commercial and car park (mall) operations to commence in Q1 2023 and as such the Issuer is not expected to generate any income in FY22. Moreover, both the residential units and residential car park spaces are expected to be completed by September 2022 whereon sales of these assets will commence from 2023 onwards.

Given that the financial year of the Issuer ends on 30 April, the revenue figure pertaining to the retail space for FY23 only captures three months of the retail mall operations. Management confirmed that the Issuer will provide discounts to tenants in the first and second year of operation, hence resulting in a lower level of revenue generation from the mall in the initial years of operation.

Additionally, management confirmed that the Issuer has already signed several letters of intent (LOIs) pertaining to approximately 80.1% of the total available retail space. The majority of LOIs contemplate an annual rent of €300 per sqm as a base rate (subject to 3% annual increases) or 10% of outlet turnover, whichever is the higher. Management expects the retail mall to be 95% occupied from the date of opening.

All luxury residential units are expected to be sold in FY23, at an average price of €2.1 million per unit. All residential car parking spaces are expected to be sold by FY24 at an expected average price of €30k per unit.

The cost of sales figures for FY23 include the land cost, capital expenditure, and capitalised interest relating to the development of the residential units and the respective car parking spaces. These are expected to amount to €9.5 million in FY23.

Administrative expenses consist primarily of general company operating coststogether with mall operating costs and ground rent. Agency fees will not be charged on the sale of car spaces as these assets will be sold directly to SRL. Mall operating costs represent general overheads that are not expected to be recharged to tenants and are assumed to be incurred once the mall commences operations in FY23. Management expects administrative expenses to amount to €0.3 million in FY22 and increase slightly in FY23 and FY24.

The depreciation charge reflected in FY23 relates to depreciation incurred on the mall and mall car park. No depreciation charges will be incurred on assets under development.

Finance costs are projected to reach €1.7 million in FY22 and remain constant thereafter. The expected finance costs are composed of interest costs of 4.0% charged on the €14 million 6-year bond and 4.5% charged on the €26 million 12-year bond. Finance costs are presented net of capitalised interest throughout the forecasted period.

Tax is projected at the lower of 35% on rental income net of 20% maintenance allowance and interest expenses, or 15% of rental income. Tax incurred on the sale of the residential units is projected at 8% payable on the total sales value, net of agency fees.

Statement of Financial Position	Apr-2022F	Apr-2023F	Apr-2024F
	€'000s	€'000s	€'000s
Assets			
Non-current assets			
Investment Property	38,330	77,000	77,000
Current assets			
Inventory	12,599	6,040	386
Other receivables	151	142	134
Amounts due from group companies	5,347	-	-
Cash and cash equivalents	7,619	4,078	5,614
Total current assets	**25,716**	**10,260**	**6,134**
Total assets	**64,046**	**87,260**	**83,134**
Equity and liabilities			
Capital and reserves			
Share capital	18,076	18,076	18,076
Retained earnings	(607)	14,195	17,471
Total equity	**17,469**	**32,271**	**35,547**
Liabilities			
Non-current liabilities			
Debt securities in issue	39,439	39,516	39,593
Lease Liability	148	147	147
Deferred tax liability		6,160	6,160
Total non-current liabilities	**39,587**	**45,823**	**45,900**
Total current liabilities			
Other Payables	3,548	2,281	1,687
Amount due to group companies	3,442	6,885	
Lease Liability			
Total current liabilities	**6,990**	**9,166**	**1,687**
Total liabilities	**46,577**	**54,989**	**47,587**
Total equity and liabilities	**64,046**	**87,260**	**83,134**

Ratio Analysis	Apr-2022F	Apr-2023F	Apr-2024F
Financial Strength			
Gearing 1 (Net Debt / Net Debt and Total Equity)	64.6%	52.3%	48.9%
Gearing 2 (Total Liabilities / Total Assets)	72.7%	63.0%	57.2%
Gearing 3 (Net Debt / Total Equity)	182.2%	109.8%	95.6%
Net Debt / EBITDA	n/a	5.0x	5.9x
Current Ratio (Current Assets / Current Liabilities)	3.68x	1.12x	3.64x
Interest Coverage level 1 (EBITDA / Cash interest paid)	n/a	4.1x	3.3x
Interest Coverage level 2 (EBITDA / finance costs)	n/a	4.1x	3.3x

Total assets in FY22 mainly comprise investment property and inventory. Investment property reflects the land cost attributable to the mall and mall car park, capital expenditure on these properties, and capitalised interest. Inventory reflects the land cost attributed to the residential units and the residential car spaces, any capital expenditure on these properties, and capitalised interest. Cash and cash equivalents are anticipated to amount to €7.6 million during FY22 and are expected to decline on a yearly basis in line with the respective stage of completion of the Shoreline Project. In line with the profitability which is expected to be achieved during FY23, total equity is anticipated to amount to €32.3 million during the period.

Non-current liabilities are expected to stand at 85% of SMP's total liabilities during FY22, mainly reflecting the undertaking of the bond issue. Also listed under non-current liability for FY23 and FY24 is a deferred tax liability arising on property valuation, concerning the mall and mall car park property value.

Current liabilities are mainly composed of other payables and amounts due to group companies. Other payables are mainly accrued interest payables for the development of the project. Management expects these balances to be settled in full each year. The accrued interest payables reported in the 2021 Financial statements were settled in August 2021. Amounts due to group companies are unsecured, interest-free, and they are expected to settle 12 months from the date of the statement of financial position. They may be offset with other amounts due from the same party.

Cash Flows Statement	Apr-2022F	Apr-2023F	Apr-2024F
	€'000s	**€'000s**	**€'000s**
Deposits and receipts on property held for sale	2,220	14,733	6,726
Deposits and Rental income from commercial operations	-	907	4,433
Total cash inflows from operations	**2,220**	**15,640**	**11,159**
Development costs	(12,770)	(14,310)	(6,885)
Recurring capital expenditure			
Overheads	(181)	(310)	(343)
Agency Fees		(735)	
Taxation paid		(2,096)	(665)
Net cash flows from operating activities	**(12,951)**	**(17,451)**	**(7,893)**
Cash used from investing activities	-	-	-
Cash flows from financing activities			
Repayment of bond interest	(1,730)	(1,730)	(1,730)
Net cash flows generated from / (used in) financing activities	**(1,730)**	**(1,730)**	**(1,730)**
Movement in cash and cash equivalents	**(12,461)**	**(3,541)**	**1,536**
Cash and cash equivalents at start of year	20,080	7,619	4,078
Cash and cash equivalents at end of year	**7,619**	**4,078**	**5,614**

Ratio Analysis	Apr-2022F	Apr-2023F	Apr-2024F
Free Cash Flow (Net cash from operations + Interest - Capex)	(11,221)	(15,721)	(6,163)

Deposits and receipts on property held for sale in FY22 and FY23 reflect deposits received on the residential car parking spaces and residential units. Management expects the majority of the contracts concerning the luxury residences to be signed by Q1 2023 and the residential car parking spaces in FY24.

During FY20 the Issuer has acquired the property including the airspace over which the mall components will be developed from the Shoreline Group for €13 million. Development costs also included under cash outflows from operating activities, reflect the total projected cash outlay on the development of the project, including allocated costs, overheads and VAT on the residential components. No VAT is expected to be incurred on development costs related to the mall as this is expected to be recovered. The residential units will incur VAT however these amounts will be capitalised together with their development costs.

The net proceeds from the bonds will make up the cash balances in FY22 amount to €20 million . The closing cash balances are expected to decrease gradually as the completion of the project progresses As a result of the above, the closing cash and cash equivalents balance over FY20 to FY22 are anticipated to amount to €7.6 million and €4.1 million during FY22 and FY23 respectively. As development costs are expected to drop substantially in FY24 together with operating income being generated, the cash balances are consequently expected to increase in that year.

Part 3 Key Market and Competitor Data

3.1 General Market Conditions

The Issuer is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices, and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Issuer's planning during development, this shall have an adverse impact on the financial condition of the Issuer and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

3.1.1 Malta Economic Update[1]

In August, business conditions continued to improve when compared to a year earlier when activity was hit hard by the pandemic. This is reflected in large annual percentage changes for several indicators. Nevertheless, the aggregate level of economic activity remained below pre-pandemic levels. European Commission data show that sentiment improved in August. When compared with July, confidence increased across all sectors, except in services.

In July, industrial production rose at a slower annual rate compared with a month earlier, while the volume of retail trade rose at a faster pace. The number of registered unemployed fell, while the unemployment rate stood marginally lower than that in the previous month and well below last year's rate. In August, commercial and residential permits rose on their year-ago levels. Meanwhile, the number of final deeds of sale for residential property also rose on an annual basis. However, promise-of-sale agreements decreased.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 0.3% in July, up from 0.2% in the previous month. Inflation based on the Retail Price Index (RPI) rose to 1.8% in July from 1.5% a month earlier. The large difference between these two measures of inflation is primarily due to technical factors related to the revision of HICP weights in 2021.

Maltese residents' deposits expanded at an annual rate of 11.0% in July, following an increase of 6.5% in the previous month, while annual growth in credit to Maltese residents eased to 8.6%, from 8.9% a month earlier. In July, the deficit on the cash-based Consolidated Fund narrowed when compared with a year earlier, reflecting an increase in government revenue, which more than offset a rise in government expenditure.

3.1.2 Economic projections[2]

During the summer of 2021, the pandemic situation continued to evolve, both in Malta and abroad. Following the strong decline in active cases during the second quarter of this year, the Government embarked on a gradual easing of COVID-19 restrictions, including the limited reopening of international travel since June. Following a renewed increase in active cases in July, the Government introduced some restrictions related to international travel, whereby persons over 12 years of age need to quarantine or produce a negative swab test unless they are in possession of a valid vaccination certificate recognised by the Superintendent of Public Health. Furthermore, English language schools were closed, although a number have since re-opened. At the same time, vaccination continued at a brisk pace, with over 87% of the adult population being fully vaccinated according to data published by the European Centre for Disease Prevention and Control.

In addition, the international economic environment continued to improve and economic activity is rebounding in several trading partners. Nevertheless, active cases of COVID-19 have also increased somewhat in several countries as a result of the Delta variant, which suggests that international travel will likely retain restrictions for some time.

At the same time, the increase in the rate of vaccination – both in Malta and abroad – as well as the improved international economic environment, should provide tailwinds for growth. On the other hand, we expect that this year tourism will be weaker than expected in June in light of the escalation of measures to stem the increase of active cases across Europe and frequent changes to travel advice. In addition, many firms that participate in the Central Bank of Malta's Business Dialogue exercise have expressed growing concern regarding labour shortages, which could act as a drag on the recovery in the short run; such shortages should subside in the medium run as the pandemic situation improves and international travel normalises.

[1] Central Bank of Malta – Economic Update 9/2021

[2] Central bank of Malta – Outlook for the Maltese economy – 2021:3

3.1.3 The retail sector

The retail sector in Malta has lately undergone a gradual transformation, whereby it was fragmented with small businesses and a limited number of importers, wholesalers, and distributors. After Malta entered the European Union (EU) in 2004, the liberalisation of the market greatly encouraged foreign chains to set up in Malta, forcing local traders to come up with more convenient and unique distribution strategies. The 'all-under-one-roof' concept has been gaining popularity among the general public, as witnessed by the opening of a number of shopping destinations in Malta such as The Point Shopping Mall, The Plaza Shopping Centre, and D-Mall. This concept has allowed individuals to cater to all their shopping requirements under one roof rather than having to go to different retail shops in multiple locations. Growing consumer expectations has resulted in shops remaining open for longer hours, instead of closing during lunch hours, as occurs in the majority of the other Mediterranean countries.

The current COVID-19 pandemic has undoubtedly had a negative impact on Malta's retail sector. Following the restrictions implemented by the Government of Malta, all retail outlets were forced to close their doors from the end of March until the beginning of May 2020, and similarly again from March until early May 2021. Whether retail shops will be forced to shut down again remains an uncertainty, however, Malta's extremely advanced vaccination program augers well that an extended period of shutdown can be avoided going forward, as virus cases remain manageable. As the current climate remains relatively fluid and uncertain, the full impact that the COVID-19 pandemic has had on the local retail industry is still not completely known. Undoubtedly, the lower level of tourism numbers compared to the benchmark year 2019 will have a negative effect on the overall industry, and it will take time until full potential will be realised.

During the summer months of 2021, the lockdown measures were lifted and the retail sector consequently picked up albeit only at a rather slow pace, mostly due to the lower level of inbound tourists compared to pre-pandemic figures.[3]

In the medium term, projections of inbound tourist figures will continue to influence the financial performance of the retail sector in Malta. According to the Central Bank of Malta, tourist expenditures in Malta are expected to rise to 75% and 90% of 2019 levels in 2022 and 2023. The improvement of such an essential input factor forecasts an increase in retail consumption moving forward.

3.1.4 COVID-19 impact on the rental commercial market

In accordance with the economic turmoil caused by the COVID-19 outbreak, leases in Europe, Malta included, experienced a higher level of volatility. Many businesses have been forced to shut down and employees were laid off or had to suffer pay cuts. The pandemic caused havoc in commercial as well as residential leases. Retail outlets, whose revenues ground to halt overnight, are generally still bound to pay their rent, even though they may not be able to do so for much longer. The situation is no different in the housing sector (including both longer and shorter term lets); landlords suddenly found themselves with vacant properties, especially properties targeted at tourism-related short-let properties and others attempted to evict defaulting tenants.

According to a report issued by EY, average rental prices per square meter of commercial retail space have generally remained stable in 2020 and the first quarter of 2021. (-0.9%). The lower-sized properties (<100sqm; 25% of total shop property count) which would encapsulate the vast majority of retail SME businesses seem to have experienced the strongest negative price impacts. Larger properties appear to have maintained their value or kept the upward price trends observed in previous periods.

According to a leading real estate broker, the pandemic automatically put a lot of people's business plans on hold last year[4]. As the situation eased such plans are being executed across the Maltese businesses although the recovery has only been moderate.

The second half of 2021 holds brighter expectations for the sector. Nevertheless, the pandemic could have introduced consumer spending and behaviour changes which may have long-lasting implications for this commercial property market niche.[5] Online shopping has become a more widespread phenomenon and not only in the clothes retail or electric appliances segments but in industries that it was not at all common before. Consumers shop more frequently online and some of them will continue to do so. This

[3] Central Bank of Malta – Economic Update 9/2021

[4] https://franksalt.com.mt/news/covid-19-effect-on-property-market

[5] EY/ djar – Property report June 2021

structural change poses a long-term risk to the performance of the retail commercial property market.

3.2 Luxury Property Sector

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. Nevertheless, it is evident that Malta has over recent years greatly evolved and has attracted numerous amount of foreign companies related to sectors within the financial services, gaming, and IT-related fields. The country's ability to continue attracting these types of businesses to Malta has significantly contributed towards the sustainability of the luxurious residential and rental sector. Enterprises within these types of areas have thrived in recent years, making Malta an attractive investment alternative. In fact, during 2018, the financial services, gaming, and IT industries, collectively amounted to 25.9%[6] of Malta's overall economic activity. An indication of the high-end market being healthy is that the buyers in these developments are made up of a mix of locals and foreigners.

Of note, there are several traditional high-end residential areas in Malta. For instance, localities such as Gharghur, Tal-Virtu in Rabat, and Madliena all boast magnificent sea or country views. One may also find several luxury villas within the central area of Malta such as Lija, Attard, Balzan, Naxxar, Sliema, and Saint Julian's. Another area in Malta that is popular for its high density of villas is Santa Marija Estate in Mellieha, overlooking Mellieha Bay. In furtherance, there are also top-quality high-end residential and rental developments within the proximity of Marsascala, Marsaxlokk, and in other parts of the south of Malta including Smart City in Ricasoli which also boasts impressive and spectacular sea views.

Re/Max, a Maltese real estate agency said that as a consequence of the pandemic, the luxury market has slowed down and prices have stabilized, yet they expect that the slowdown is only temporary and the high-end market will strengthen once again in the following period.

3.3 Comparative Analysis

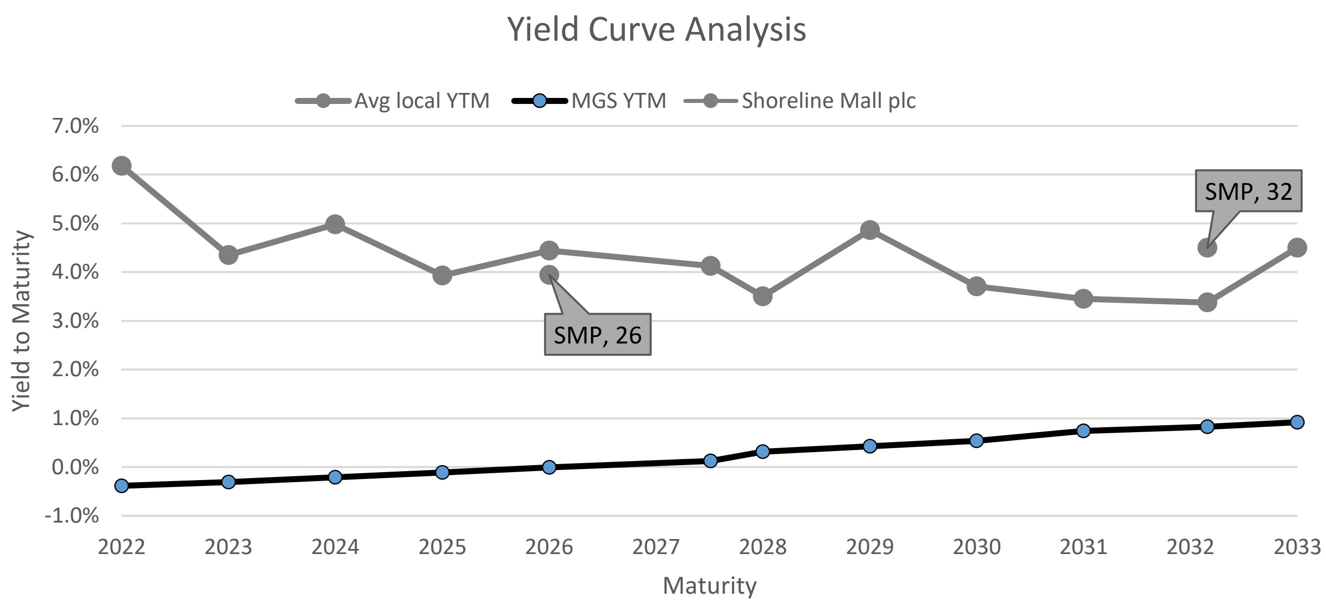
The purpose of the table below compares the debt issuance of the Group to other debt instruments. Additionally, we believe that there is no direct comparable company related to the Issuer and as such, we included a variety of Issuers with different maturities. More importantly, we have included different issuers with similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

[6] Malta Gaming Authority – 2018 Annual Report

Security	Nom Value €000's	Yield to Maturity (%)	Interest coverage (EBITDA) (times)	Total Assets (€'millions)	Total Equity (€'millions)	Total Liabilities / Total Assets (%)	Net Debt / Net Debt and Total Equity (%)	Net Debt / EBITDA (times)	Current Ratio (times)	Return on Common Equity (%)	Net Margin (%)	Revenue Growth (YoY) (%)
5.8% International Hotel Investments plc 2021	20,000	5.78%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
5.75% Central Business Centres plc Unsecured € 2021 S1T1	3,000	6.18%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%	292.6%	15.3%
4.5% Hili Properties plc Unsecured € 2025	37,000	3.61%	1.6x	149.6	62.7	58.1%	54.9%	14.6x	0.5x	6.8%	52.9%	-11.5%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000	4.59%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%	292.6%	15.3%
4.0% Shoreline Mall Plc Secured € 2026 **	14,000	3.94%	4.1x	87.3	32.3	63.0%	52.3%	5.0x	1.1x	17.3%	25.4%	100.0%
4% MIDI plc Secured € 2026	50,000	3.41%	(.5)x	227.6	101.8	55.3%	37.8%	(64.5)x	2.9x	-2.1%	-75.1%	-89.8%
4% International Hotel Investments plc Secured € 2026	55,000	3.41%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
3.9% Plaza Centres plc Unsecured € 2026	7,500	3.05%	2.8x	38.9	26.7	31.4%	10.7%	1.6x	4.6x	1.6%	17.0%	-22.4%
4% International Hotel Investments plc Unsecured € 2026	60,000	3.72%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	2.84%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.52%	34.1x	69.4	24.3	65.0%	57.1%	1.1x	0.9x	210.3%	125.6%	119.2%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	3.89%	1.9x	34.8	20.2	41.8%	36.3%	10.1x	0.2x	19.9%	292.6%	15.3%
3.75% Tumas Investments plc Unsecured € 2027	25,000	3.49%	7.2x	229.6	137.5	40.1%	17.6%	1.6x	4.5x	8.3%	32.6%	-42.5%
4% Stivala Group Finance plc Secured € 2027	45,000	3.35%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
3.85% Hili Finance Company plc Unsecured € 2028	40,000	3.55%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	20.5%	4.6%	0.0%
4% Exalco Finance plc Secured € 2028	15,000	3.55%	4.5x	70.9	42.0	40.8%	28.1%	4.5x	1.7x	5.6%	47.7%	10.0%
3.75% TUM Finance plc Secured € 2029	20,000	3.61%	0.0x	66.6	35.9	11.5%	35.7%	0.0x	0.4x	14.9%	166.9%	0.0%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.25%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
3.8% Hili Finance Company plc Unsecured € 2029	80,000	3.80%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	20.5%	4.6%	0.0%
3.75% TUM Finance plc Secured € 2029	20,000	3.61%	0.0x	66.6	35.9	11.5%	35.7%	0.0x	0.4x	14.9%	166.9%	0.0%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.36%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	3.70%	34.1x	69.4	24.3	65.0%	57.1%	1.1x	0.9x	210.3%	125.6%	119.2%
4.5% Shoreline Mall Plc Secured € 2032 **	26,000	4.50%	4.1x	87.3	32.3	63.0%	52.3%	5.0x	1.1x	17.3%	25.4%	100.0%
Average***		3.78%										

Source: Latest available audited financial statements

* Last closing price as at 22/10/2021
**The financial analysis of Shoreline Mall Plc reflects the projected financial position of the Issuer for the year ended 30th April 2022.
***Average figures do not capture the financial analysis of the Issuer



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Estimates

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the Issuer's existing yields of its outstanding bonds.

As at 25th October 2021, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 4-7 (2025-2027) years was 347 basis points. The 4% SHM PLC Secured Bonds 2026 is currently trading at a YTM of 394 basis points, meaning a spread of 1 basis points over the equivalent MGS. This means that this bond is trading at a premium of 46 basis points in comparison to the market.

As at 25th October 2021, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 4-6 years was 316 basis points. The 4.5% SHM PLC Secured Bonds 2032 is currently trading at a YTM of 450 basis points, meaning a spread of 367 basis points over the equivalent MGS. This means that this bond is trading at a premium of 51 basis points in comparison to the market.

Part 4 Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.

Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Calamatta Cuschieri

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