

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

20 December 2024

Re: Financial Analysis Summary – 2024

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 pertaining to Shoreline Mall p.l.c. (the “**Issuer**”) 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 two years ended 30 April 2022 and 2023 as well as the year ended 30 June 2024 have 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 June 2025 and 2026 has been provided by management.
- (c) Our commentary on the Issuer’s results and financial position is based on explanations provided by management.
- (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 Analysis 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 investors in the Issuer’s securities and potential investors by summarising the more important financial data of the Issuer. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer’s securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek independent professional financial advice before investing in the Issuer’s securities.

Yours sincerely,



Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS SUMMARY 2024



Shoreline Mall p.l.c.

20 December 2024

Prepared by Calamatta Cuschieri
Investment Services Limited

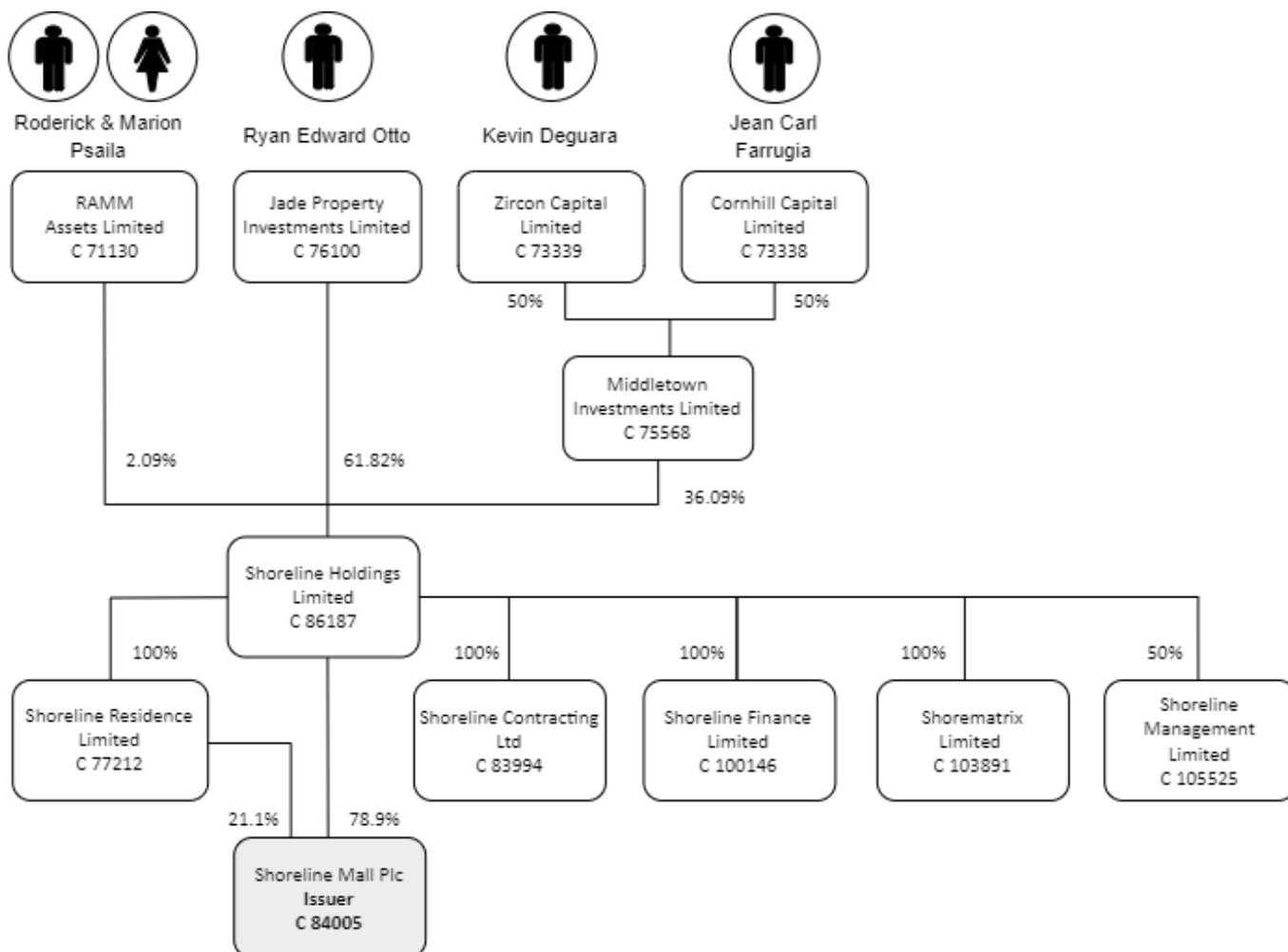
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Part 1 Information about the Group

1.1 Issuer’s Key Activities and Structure

As at the date of this Analysis, Group structure is as follows:



The principal activity of Shoreline Mall p.l.c. (the “**Issuer**” or “**SMP**”) is the development and subsequent operation of a shopping mall, a number of luxury residential units for resale, and the operation of a car park complex in Smart City, Kalkara (the “**Shoreline Mall Project**”, and the “**Project**”).

The Issuer was incorporated on 15 December 2017, with company registration number C 84005. It was converted into a public liability company on 18 October 2019. 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. 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, made up of 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 Ltd (2.09%).

Shoreline Residence Limited (“**SRL**”), company registration number C 77212, and Shoreline Contracting Ltd (“**SCL**”), company number C 83994, were incorporated on 12 September 2016 and 15 December 2017, respectively. SRL

owns the airspace above podium level which encompasses the residential apartment development. SCL engages third-party contractors and recharges these services to both SRL and SMP in order to execute the development programme.

Shoreline Finance Limited, company registration number C 100146, was set up on 9 September 2021 and acts as a finance company for SRL. It is a subsidiary which is wholly owned by SHL with an authorised share capital of €1,200 divided into 1,200 ordinary shares all having a nominal value of €1 each. The company's principal object is to arrange and provide finance for the construction of residential apartments being undertaken by SRL, which fall outside the scope of the Shoreline Mall Project.

Shorematrix Limited, company registration number C 103891, was incorporated on 22 December 2022. It is a subsidiary which is wholly owned by SHL with an authorised share capital of €1,200 divided into 1,200 ordinary shares all having a nominal value of €1 each. Shorematrix Limited acts as a tenant within the Shoreline Mall where its principal activity will be to operate a family entertainment facility.

Shoreline Management Limited, company registration number C 105525, was incorporated on 16 June 2023. It is partially owned by SHL (50%) and has an authorised share capital of €1,200 divided into 1,200 ordinary shares all having a nominal value of €1 each. Shoreline Management Limited was set up to act as a property management company for the Issuer.

1.2 Directors and Key Employees

Board of Directors

Name	Office Designation
Mr Robert Ancilleri	Independent Non-executive Director
Mr Charles Scerri	Independent Non-executive Director
Mr Ryan Edward Otto	Executive Director
Mr Roderick Psalia	Non-executive Director

The business address of all the directors is the registered office of the Issuer, which is located at Suite 407, Level 4, Block SCM 01, Smart City Malta, Ricasoli, Kalkara, SCM 1001, Malta.

As of this year three members of the board of directors have resigned. These include Mr Benjamin Muscat who occupied the position as chairman up till the 8 June 2024, and Mr Kevin Deguara and Mr Jean Carl Farrugia who both occupied the position of non-executive directors up till 30 May 2024.

Dr Luana Pace holds the position as company secretary.

The board is composed of four 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 director, two 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 area on which the Project is being developed (the "Shoreline Mall Site") 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-empyteusis. On 24 October 2019, the Issuer acquired the Shoreline Mall Site from SRL for a consideration of €13m.

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 (as defined in the prospectus issued by the Issuer dated 18 June 2020).

Management stated that no additional significant assets, apart from the expected development of the Shoreline Mall Project, have been added since the last Financial Analysis Summary dated 22 December 2023.

1.4 Operational Developments

As discussed in section 1.1 above, the principal activity of the Issuer is that of the development of a commercial and residential complex situated at the Shoreline Mall Site at Smart City, Kalkara, Malta. The aim is to generate rental income from the commercial operations within the Shoreline Mall units and mall car park, and to sell the immovable property within the Shoreline Mall Site which mainly consists of residential houses and a residential car park.

The Shoreline Mall Project has completed all works related to the retail portion of the project. This proposed development comprises a commercial component consisting of a shopping mall with a total gross area of 25,000 sqm spread over two floors. Instead of having 15,600 sqm of rentable space as stated in the last Financial Analysis Summary dated 22 December 2023, rentable space is that of 17,000 sqm. The tenants were able to complete all of their fit outs and the commercial Mall opened to the public in March 2024.

The residential portion of the project, which includes a number of foreshore luxury residential units that will be held for sales purposes, is completely constructed, and finishing works are projected to be finalised between April 2025 and

June 2026. The project had faced delays due to external events and issues with the main sub-contractor. These had impacted the commencement of operations for the Issuer which can be seen more clearly in Part 2 of this Analysis.

The car park within the Shoreline Mall Project has been completed. The issuer initially planned to develop 1036 car parking spaces as of the last Financial Analysis Summary dated 22 December 2023. Due to planning changes in the basement the Issuer has exchanged parking spaces for lettable retail area.. For this reason the amount of commercial spaces the issuer will retain and operate has been reduced from 720 down to 541 car spaces.

Apart from the car park layout, additional design changes have been implemented to achieve a more efficient allocation of space for the floor layout of common areas and facility rooms. These changes include the creation of kiosk spaces in previously open areas, resulting in additional lettable areas.

Development costs for the mall and mall car park amounted to €62m, including capitalised finance and overhead

coststhroughout the project's development. Upon completion, the combined fair value of the mall and mall car park is estimated to be €69m.

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

1.5 Listed Debt Securities of the Issuer

Shoreline Mall p.l.c. has the following outstanding debt securities:

	ISIN	€'m
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 has commenced operations in March 2024. It should be noted that the financial projections provided pertain specifically to the Issuer, SMP, as it will oversee the entire operation of the Shoreline Project.

This document focuses on evaluating the performance of the Issuer. Historical financial information for the Issuer from FY22 to FY24 is detailed between sections 2.1 to 2.3 of this analysis. A variance analysis for FY24 and the projections of FY24 used in the last financial analysis summary dated 22 December 2023 can be found under section 2.4. Forecasts pertaining to the Issuer for the period ending 30 June 2025 to 30 June 2026 are based on management projections and are set out between section 2.5 and section 2.7.

2.1 Issuer's Statement of Comprehensive Income

Income Statement - Consolidated	FY2022A	FY2023A	FY2024A
	€'000s	€'000s	€'000s
Revenue - retail space	-	-	928
Revenue - inventory Property Sales	-	-	9,400
Revenue - luxury residences	-	-	-
Total Revenue	-	-	10,328
Cost of Sales	-	-	(6,247)
Gross Profit	-	-	4,081
Other Income	-	6	24
Administrative expenses	(392)	(407)	(1,701)
EBITDA	(392)	(401)	2,404
Depreciation	-	-	(630)
EBIT	(392)	(401)	1,774
Amortisation of bond issue costs	-	-	-
Total Interest	-	-	(1,730)
Capitalised Interest	-	-	1,151
Profit before tax	(392)	(401)	1,195
Income Tax Expense/Credit	-	-	362
Profit/ (loss) for the year	(392)	(401)	1,557
Other comprehensive income:	-	-	-
Net revaluation of Investment property	-	-	-
Comprehensive Income/ (loss)	(392)	(401)	1,557

Ratio Analysis	FY2022A	FY2023A	FY2024A
Profitability			
Growth in Revenue (YoY Revenue Growth)	-	-	-
Gross Profit Margin (Gross Profit / Revenue)	-	-	39.5%
EBITDA Margin (EBITDA / Revenue)	-	-	23.3%
Operating (EBIT) Margin (EBIT / Revenue)	-	-	17.2%
Net Margin (Profit for the year / Revenue)	-	-	15.1%
Return on Common Equity (Net Income / Total Equity)	-2.3%	-2.4%	8.4%
Return on Assets (Net Income / Total Assets)	-0.7%	-0.5%	1.8%
Interest Coverage (EBIT / Finance Costs)	-	-	3.1x

The Issuer closed the FY24 registering a total revenue of €10.3m, deriving from the rental income of the retail space (€928k) and the sale of inventory property (€9.4m). The €6.2m cost of sales were composed of property operating expenses (€148k) and costs of sales on inventory property (€6.1m). The company has registered a gross profit of €4.1m, translating into a margin of 39.5%.

The administrative expenses have increased to €1.7m approximately four (4) times compared to the previous year (FY23: 401k). This increase is due to the Issuer incurring penalties to compensate tenants for costs incurred due to the late opening of the Mall and additional marketing costs related to the promotion of the Mall. The Issuer reports

EBITDA of €2.4m and a margin of 23.3% in its first period of operation. The depreciation of €630k is related to the buildings and property of the Issuer and the total interest of €1.73m arise from the two bond issues mentioned in section 1.6 of this document of which the it was able to capitalise €1.15m.

The Issuer's net income for FY24 totalled €1.55m, enabling the company to report a profit in its first year of operations of the Mall. It is pertinent to note that the mall commenced operating in March and therefore the mall was only operational for a period of four months of the financial year.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	FY2022A	FY2023A	FY2024A
	€'000s	€'000s	€'000s
Assets			
Non-current assets			
Investment Property	34,359	58,590	68,516
Property, Plant and Equipment (PPE)			409
Intangible Assets			24
Deferred Tax Asset			362
Total non-current Assets	34,359	58,590	69,312
Current assets			
Inventory (under construction as at FY23)	9,122	11,320	6,020
Trade and other receivables	121	1,380	8,580
Amounts due from group companies	12,968	15	1,034
Cash and cash equivalents	1,772	2,499	211
Total current assets	23,983	15,214	15,845
Total assets	58,342	73,803	85,157
Equity and liabilities			
Share capital	18,076	18,076	18,076
Accumulated profit/(losses)	(704)	(1,105)	452
Total equity	17,372	16,971	18,528
Liabilities			
Non-current liabilities			
Debt securities in issue	39,430	39,512	39,583
Lease Liability	148	148	-
Trade and other payables		321	376
Total non-current liabilities	39,578	39,981	39,959
Current Liabilities			
Trade and other payables	1,392	10,755	4,124
Amount due to group companies	-	6,096	22,397
Lease liabilities			148
Total current liabilities	1,392	16,851	26,669
Total liabilities	40,970	56,832	66,628
Total equity and liabilities	58,342	73,803	85,157

Ratio Analysis	FY2022A	FY2023A	FY2024A
Financial Strength			
Gearing 1 (Net Debt / Net Debt and Total Equity)	68.5%	68.6%	68.1%
Gearing 2 (Total Liabilities / Total Assets)	70.2%	77.0%	78.2%
Gearing 3 (Net Debt / Total Equity)	217.6%	219.0%	213.3%
Net Debt / EBITDA	-96.4x	-92.7x	16.4x
Current Ratio (Current Assets / Current Liabilities)	17.2x	0.9x	0.6x

In FY24, the Issuer's total assets increased by 15% to €85.1m, from €73.8m in FY23.

The non-current assets of the Issuer were the main contributor to this increase in value. This can be attributed to the continued development of the investment property of the Project.

The current assets of the Issuer registered a slight increase to €15.8m as of FY24 (FY23: €15.2m). However, the composition of their current assets changed. Trade receivables increased to €8.5m (FY23: €1.3), as a result of an increase in VAT receivables making up €7.9m in FY24 (FY23: €271k). This was offset by the decrease in value of inventory as a result of sales of completed property.

The non-current liabilities consisting of the issuance of €14m 4% Secured Bonds 2026 (Series a Bonds) and €26m 4.5%

Secured Bonds 2032 (Series B Bonds) remained relatively stable at €39.9m.

Current liabilities experienced an increase of €9.8m, totalling €26.6m in FY24. The main driver of this increase was the amounts due to group companies which increased to €22.3m in FY24 (FY23: €6.1m). This is a result of fellow subsidiaries and related parties charging the company for costs in connection to the development of the Shoreline Mall project.

On the other hand, trade payables decreased to €4.1m in FY24 (FY23: €10.7m). This is due to a deposit of €8.4m received from SRL in the prior year which was fully utilized against the sale of the residential parking spaces.

The total equity of the Group experienced a slight surge in value of 9.5% to €18.5m in FY24 (FY23: €16.9m). This was driven by the accumulated profit increasing to €452k in FY24 compared to the loss of €1.1m in FY23.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement	FY2022A	FY2023A	FY2024A
	€'000s	€'000s	€'000s
Cash flows from operating activities			
Profit/(Loss) Before taxation	(392)	(401)	1,195
Depreciation & Amortisation	-	-	606
Interest Cost	-	-	579
Operating income/loss before working capital changes	(392)	(401)	2,379
Working capital movements:			
Movement in inventory	(19)	(309)	(2,301)
Movement in trade and other receivables and related party balances for construction costs in connection with inventory	(2,063)	(1,258)	(329)
Movement in trade and other payables	11	741	1,827
Cash flow used in operating activities	(2,463)	(1,227)	1,577
Interest paid on lease liabilities	(6)	(6)	(4)
Net cash flows generated from/(used in) operating activities	(2,469)	(1,233)	1,573
Cash used from investing activities			
Addition to investment property under construction	(139)	(1,017)	(4,640)
Net advances to a related party for construction costs in connection with investment property	(14,374)	-	(443)
Addition of Intangible assets	-	-	(26)
Net cash flows generated from/(used in) investing activities	(14,513)	(1,017)	(5,109)
Cash flows from financing activities			
Net proceeds from debt securities issued			
Payment of bond transaction costs			
Interest on debt securities	(1,825)	(1,730)	(1,730)
Financing to related parties	-	-	-
Financing from related parties	499	4,709	2,979
Net cash flows generated from / (used in) financing activities	(1,326)	2,979	1,249
Movement in cash and cash equivalents	(18,308)	728	(2,288)
Cash and cash equivalents at start of year	20,080	1,772	2,500
Cash and cash equivalents at the end of the year	1,772	2,500	212

Ratio Analysis	FY2022A	FY2023A	FY2024A
<i>Cash flow</i>			
Free Cash Flow (Net cash from operations + Interest - Capex)	(777)	(514)	(1,333)

Considering the delays in the Mall's opening, the Issuer was operational for only four months during the reporting period. Despite this, it managed to generate a cash inflow of €1.5 m.

The Issuer experienced a cash outflow of €5.1 m in its investing activities, primarily driven by additional investments of €4.6 m in its property under construction.

Net cash flows from financing activities decreased to €1.2 m in FY24, mainly due to a significant reduction in financing

from related parties, which amounted to €2.9 m compared to €4.7 m in FY23.

As a result, the Issuer recorded a net cash outflow of €2.2 m during FY24, ending the year with a positive cash and cash equivalents balance of €212k.

Additionally, the Issuer's free cash flow declined, with an outflow of €1.3 m. This was primarily due to the increased cash requirements for its investing activities.

2.4 Variance Analysis

Income Statement - Consolidated	FY2024A	FY2024P	Variance
	€'000s	€'000s	€'000s
Revenue - retail space	928	2,110	(1,182)
Revenue - Inventory Property Sales	9,400	9,400	-
Revenue - luxury residences		2,592	(2,592)
Total Revenue	10,328	14,102	(3,774)
Cost of Sales	(6,247)	(7,728)	1,480
Gross Profit	4,081	6,374	(2,294)
Other Income	24	10	14
Administrative expenses	(1,701)	(495)	(1,206)
EBITDA	2,404	5,889	(3,486)
Depreciation	(630)	(1,066)	436
EBIT	1,774	4,823	(3,049)
Amortisation of bond issue costs		(71)	71
Total Interest	(1,730)	(1,730)	-
Capitalised Interest	1,151	1,051	100
Profit before tax	1,195	4,073	(2,878)
Income Tax Expense/Credit	362	(654)	1,016
Profit/ (loss) for the year	1,557	3,419	(1,862)
Other comprehensive income:		1,066	(1,066)
Net revaluation of Investment property		4,485	(4,485)
Comprehensive Income/ (loss)	1,557	8,970	(7,413)

The above statement compares the forecasted FY24 results, as presented in the Financial Analysis Summary dated 22 December 2023, with the actual results from the Issuer's audited financial statements.

Management reported lower revenues than projected of €10.3m, instead of the €14.1m projected for FY24. This is primarily due to delays in the Mall's opening and the completion of residential units. Furthermore, to attract clients during the Mall's opening, free parking was offered, which impacted the Issuer's revenue.

The company reports administrative expenses of €1.7m as compared to forecast of €0.5m. Negative variance is a result of penalties incurred to compensate tenants for costs incurred due to the late opening of the Mall and additional marketing costs related to the promotion of the Mall

Total interest costs remained consistent as projected at €1.73 million with minimal difference between projected and actual capitalised differe.

Additionally, since the Issuer did not sell any residential units, the projected tax expense was not incurred. Instead, the Issuer recorded a €362k tax credit, which can be attributed to lower rental revenue and higher administrative expenses.

The Issuer did not benefit from the revaluation of its investment property, as the estimated fair value of the Mall and the book value were similar. As a result, net income was negatively impacted, leading to a lower-than-expected outcome for the year of €1.5m actual instead of the projected €9m.

2.5 Issuer's Projected Statement of Comprehensive Income

Income Statement - Consolidated	FY2025P	FY2026P
	€'000s	€'000s
Revenue - retail space	3,614	4,559
Revenue - carpark	-	-
Revenue - luxury residences	2,592	6,604
Total revenue	6,206	11,163
Mall operating costs	(295)	(346)
Cost of sales	(1,649)	(4,200)
Gross profit	4,262	6,617
Other income	12	-
Administrative expenses	(440)	(221)
EBITDA	3,834	6,396
Depreciation	(1,862)	(1,906)
EBIT	1,972	4,490
Amortisation of bond issue costs	(73)	(76)
Finance costs	(1,730)	(1,730)
Capitalised interest and bond issue cost	-	-
Profit before tax	170	2,684
Income tax expense	(23)	(847)
Profit for the year	147	1,837
Net revaluation of investment property	1,715	1,717
Comprehensive Income	1,862	3,554

Ratio Analysis	FY2025F	FY2026P
Profitability		
Growth in Revenue (YoY Revenue Growth)	-39.9%	79.9%
Gross Profit Margin (Gross Profit / Revenue)	68.7%	59.3%
EBITDA Margin (EBITDA / Revenue)	61.8%	57.3%
Operating (EBIT) Margin (EBIT / Revenue)	31.8%	40.2%
Net Margin (Profit for the year / Revenue)	2.4%	16.5%
Return on Common Equity (Net Income / Total Equity)	0.7%	7.7%
Return on Assets (Net Income / Total Assets)	0.2%	2.3%

In FY25, the Issuer anticipates generating total revenue of €6.2m. This is attributed to a full year of mall operations, where retail space is expected to generate €3.6m, and the sale of luxury residences, which should contribute €2.6m.

Revenue in FY25 will reflect a 40% decrease compared to FY24, primarily due to the one-time sale of inventory property to SRL in FY24, which was the main revenue contributor. However, the company projects a 79.9% revenue increase in FY26, bringing total revenue to €11.1m, driven by additional residential sales and higher retail space revenue.

Cost of sales is expected to rise from €1.6m in FY25 to €4.2m in FY26, primarily due to the anticipated sale of the luxury residences. Administrative expenses are projected to

decrease over the forecast period, from €440k in FY25 to €221k in FY26. As a result, the Issuer expects to achieve an EBITDA of €3.8m in FY25 and €6.4m in FY26, corresponding to EBITDA margins of 61.8% in FY25 and 57.3% in FY26. This demonstrates the business maintaining strong and constant profitability and operational efficiency.

The Issuer is projecting depreciation expenses of €1.9m for both FY25 and FY26, related to the Mall and the Mall car park. Finance costs are expected to remain steady at €1.7m, primarily due to interest expenses owed to bondholders.

Net income is forecasted to reach €1.8m in FY25, with a projected increase to €3.5m in FY26. Additionally, the Issuer expects to benefit significantly from an investment property revaluation of €1.7m in both projected years.

2.6 Issuer's Projected Statement of Financial Position

Statement of Financial Position	FY2025F	FY2026P
	€'000s	€'000s
Assets		
Non-current assets		
Investment property	68,720	68,720
Property, plant and equipment	310	210
Intangible assets	314	225
Deferred tax assets	679	696
Total non-current assets	70,023	69,851
Current assets		
Inventory	4,959	3,226
Trade and other receivables	602	729
Amounts due from group companies	913	773
Cash and cash equivalents	3,063	6,283
Total current assets	9,537	11,011
Total assets	79,560	80,862
Equity and liabilities		
Share capital	18,076	18,076
Retained earnings	2,314	5,870
Total equity	20,390	23,946
Liabilities		
Non-current liabilities		
Debt securities in issue	39,656	39,731
Lease liability	-	-
Trade and other payables	386	386
Total non-current liabilities	-	-
Total current liabilities	40,042	40,117
Trade and other payables	1,687	1,713
Amounts due to group companies	17,441	15,086
Lease liability	-	-
Total current liabilities	19,128	16,799
Total liabilities	59,170	56,916
Total equity and liabilities	79,560	80,862
Ratio Analysis	FY2025F	FY2026P
Financial Strength		
Gearing 1 (Net Debt / Net Debt and Total Equity)	64.2%	58.3%
Gearing 2 (Total Liabilities / Total Assets)	74.4%	70.4%
Gearing 3 (Net Debt / Total Equity)	1.8x	1.4x
Net Debt / EBITDA	9.5x	5.2x
Current Ratio (Current Assets / Current Liabilities)	0.5x	0.7x
Interest Coverage (EBIT / Finance Costs)	1.1x	2.6x

The total assets are expected to decrease to €79.5m, a decline of €5.5m from the €85m registered in FY24. This is mainly attributable to changes in inventory, which are expected to decrease to €4.9m (FY24: €6m), and trade receivables, projected to decrease further to €602k in FY25 (FY24: €8m), primarily due to the VAT receivable being received. However, the Issuer expects cash to increase to €3m in FY25 (FY24: €211k). Additionally, inventory sales are anticipated to contribute €3.2m in FY26, leading to a total projected cash balance of €6.2m.

Non-current assets are projected to remain relatively stable, increasing slightly to €70m, with investment property comprising the majority of the value.

The total equity of the Issuer is expected to increase steadily over the next two years, closing FY25 at €20.3m and FY26 at €23.9m. This growth is primarily driven by accumulated profits, which are projected to rise to €2.3m in FY25 and €5.9m in FY26.

Non-current liabilities are not expected to change significantly and are projected to remain at €40m for both FY25 and FY26, primarily consisting of the two bond issues mentioned in section 1.6.

On the other hand, current liabilities are projected to decrease steadily over the next two years, reducing from €26.6m in FY24 to €19.1m in FY25 and €16.7m in FY26. This trend is attributed to a continuous reduction in the Issuer's trade payables and a steady decrease in amounts owed to group companies as contracting projects are completed.

The gearing ratio is expected to decrease steadily over the next two projected years, improving from 68.1% in FY24 to 64.2% in FY25, and further declining to 58.3% in FY26, indicating strong debt management. Additionally, the net debt-to-EBITDA ratio is projected to decrease significantly, dropping from 16.4x in FY24 to 9.5x in FY25, and further to 5.2x in FY26. This improvement is attributed to higher EBITDA figures and a reduction in net debt.

The Issuer expects further strengthening of its interest coverage ratio. Management projects this ratio to increase from 1.1x in FY25 to 2.6x in FY26, demonstrating the Issuer's strong ability to cover interest payments and an improvement in its financial stability.

2.7 Issuer's Projected Statement of Cash Flows

Cash Flows Statement	FY2025P	FY2026P
	€'000s	€'000s
Cash flows from operating activities		
Profit/(loss) before taxation	170	2,684
Amortisation and depreciation	1,935	1,982
Operating loss before working capital changes	2,104	4,666
Working capital movements:		
<i>Movement in inventory</i>	1,061	1,732
<i>Movement in trade and other receivables and related party balances</i>	8,098	14
<i>Movement in trade and other payables</i>	(2,427)	26
Cash flow used in operating activities	8,836	6,438
Interest paid	1,730	1,730
Taxation paid	(339)	(864)
Net cash flows generated from/(used in) operating activities	10,227	7,304
Cash used from investing activities		
Addition to investment property	(204)	-
Addition to property, plant and equipment and intangibles	(336)	-
Net cash flows generated from/(used in) investing activities	(540)	-
Cash flows from financing activities		
Lease Liability paid	(148)	-
Interest on debt securities	(1,730)	(1,730)
Financing from related parties	(4,957)	(2,355)
Net cash flows generated from / (used in) financing activities	(6,835)	(4,085)
Movement in cash and cash equivalents	2,852	3,220
Cash and cash equivalents at the Beginning of the year	211	3,063
Cash and cash equivalents at end of year	3,063	6,283

Ratio Analysis	FY2025P	FY2026P
Cash Flow	€'000s	€'000s
Free Cash Flow (Net cash from operations + Interest - Capex)	€ 11,565	€ 9,034

The Issuer expects to generate €2.1 m in net cash flows from operating activities before working capital changes in FY25, with this figure projected to more than double to €4.6 m in FY26.

In FY25, the Issuer's investing activities are expected to include only €204k in additions to investment property and €336k in additions to PPE. No further investment activities are anticipated for FY26.

Financing activities in FY25 are projected to have a cash outflow of €6.8m, primarily comprising €4.9m in financing

from related parties and €1.7m in bond interest payments. The bond interest is expected to remain unchanged in FY26. However, the Issuer anticipates a lower cash outflow for financing related parties, decreasing to €2.3 m in FY26. This can be primarily attributed to the development of the Shoreline Mall Project coming to a completion.

The Issuer forecasts a healthy and positive free cash flow of €11.5 m in FY25, driven by strong cash inflows from operating activities. In FY26, a slight decrease of €2.5 m is anticipated, resulting in a free cash flow of €9 m. This reduction is linked to a lower cash inflow from the company's operating activities.

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 Update¹

The Bank's Business Conditions Index (BCI) shows that in October 2024, annual growth in business activity picked up slightly compared to September while standing close to its historical average estimated since January 2000.

The European Commission confidence surveys show that sentiment in Malta increased in October, and rose above its long-term average, estimated since November 2002. The largest improvements were recorded in industry and in the services sector.

Additional data show that in month-on-month terms, movements in price expectations were mixed across sectors, with the largest increase recorded in industry. Nevertheless, price expectations remained above their long-term average in all sectors covered by the survey.

In October, the European Commission's Economic Uncertainty Indicator (EUI) for Malta increased compared with September, indicating higher uncertainty, with the largest increases recorded in industry and in the retail sector. In September, both industrial production and retail trade rose on a year-on-year basis. In August, services production rose at a more moderate pace when compared with the same month a year ago. The unemployment rate remained the same at 3.0% in September but stood below that of 3.6% in September 2023.

Commercial building permits in September were lower when compared to a year earlier but were higher compared to the previous month. On the other hand, residential building permits increased on an annual basis, but declined over the previous month. In October, the number of residential promise-of-sale agreements increased on a year earlier, but final deeds of sale declined. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) rose to

2.4% in October, from 2.1% in the previous month, exceeding the euro area average by 0.4 percentage points. HICP excluding energy and food in Malta increased to 2.2% but remained firmly below the euro area average. Inflation based on the Retail Price Index (RPI) edged up to 1.6% in October, from 1.2% in September. In September, Maltese residents' deposits increased above their level a year ago, driven by balances belonging to households and non-financial corporations. Meanwhile, credit to Maltese residents also increased in annual terms, although the rate of increase slowed down compared to September.

3.1.2 Economic Projections²

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) is expected to grow by 4.4% in 2024. Growth is then projected to ease to 3.5% and 3.4% in 2025 and 2026 respectively. This implies a marginally upward revision for 2024 and a marginal downward revision for 2026, when compared to the Bank's previous projection round.

Over this period, growth is expected to be driven by domestic demand, reflecting continued rapid growth in private consumption and a gradual recovery in private investment. The contribution of net exports is also expected to be positive but smaller than that of domestic demand and diminishing over time.

Employment growth is set to moderate, albeit from high rates, with the unemployment rate remaining close to 3%.

The average wage is expected to grow at a significantly faster rate in 2024, partly in response to the pronounced inflation in the recent past and a tight labour market. Thereafter it is expected to moderate somewhat in line with the expected continued moderation in inflation.

Annual inflation based on the Harmonised Index of Consumer Prices is projected to drop significantly, from 5.6% in 2023 to 2.5% in 2024, before reaching 2.0% by 2026. Compared to previous projections, inflation has been revised up by 0.1 percentage point in each year of the projection horizon, reflecting recent outcomes and a re-assessment of services inflation.

The general government deficit-to-GDP ratio is set to narrow to 4.1% in 2024, and to narrow further over the rest of the forecast horizon, to stand at 3.1% by 2026. Nevertheless, the general government debt-to-GDP ratio is set to increase throughout the forecast horizon, reaching 54.1% by 2026. Fiscal projections remain mostly unchanged compared with the previous projection round.

¹ Central Bank of Malta – Economic Update 11/2024

² Central bank of Malta Forecast 2024 - 2026

As the upcoming national accounts publication will include a benchmark revision, the above figures may be affected by possible material revisions to past data. Furthermore, such projections could be affected by the publication of updated fiscal plans by Government in fulfilment of the new EU fiscal rules later this year. The Bank's projections could thus be revised somewhat in upcoming rounds of projections once this information becomes available.

Looking beyond these factors, the overall risks to activity are broadly balanced over the projection horizon. Downside risks largely emanate from possibly adverse trade effects related to geopolitical tensions. On the other hand, the labour market could exhibit even stronger dynamics than envisaged in this projection round, both in terms of employment and wages, resulting in stronger private consumption growth and hence output growth.

Risks to inflation are balanced over the project horizon. Upside risks to inflation could stem from renewed supply-side bottlenecks that could be triggered by ongoing geopolitical conflicts. Furthermore, wage pressures could be stronger than envisaged in the baseline. Unfavourable weather conditions and policies supporting the green transition - in particular those requiring heavy capital investment - could also push up inflation, although such effects might be temporary. On the downside, imported inflation could fall more rapidly than expected if the global disinflation process proceeds faster than assumed.

On the fiscal side, risks are deficit-increasing. These mainly reflect the likelihood of slippages in current expenditure, including higher-than-expected outlays on energy support measures if commodity prices are higher than assumed. They also reflect the likelihood of additional increases in pensions and public wages in the outer years of the forecast horizon. Should these risks materialise, they are set to be partly offset by the likelihood of additional fiscal consolidation to comply with the EU's fiscal rules.

3.1.3 The Retail Sector³

The confidence indicator in the retail sector rose above its long-term average of 0.3.9 It stood at 1.0, up from -12.3 in the previous month. Retailers' assessment of sales over the past three months turned positive and showed the largest improvement. Furthermore, the net share of respondents assessing stocks of finished goods to be above normal declined. On the other hand, retailers' expectations of business activity over the next three months, fell into negative territory

3.1.3.1 *The commercial property market*

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. This has contributed to an increase in the demand for rental of office and commercial space in Malta. To address such growing demand, the supply of office and commercial space in Malta has considerably increased over the last couple of years. Of note, there are several traditional business areas in Malta. For instance, Sliema attracts many international brands and companies. Likewise, Valletta, being Malta's capital city, is considered as the hub for law firms and many long-established family businesses.

Other traditional commercial areas include the likes of St. Julian's, which is popular for its sea-view offices, and Floriana, which attracts businesses that want to be located in the vicinity of Valletta. In furtherance, there are also top-quality commercial developments within in the proximity of the airport and in other residential areas such as Naxxar, Mosta, Mellieha and in parts of the south of Malta. The variety of commercial and office space in Malta cater for every type of business, from start-ups to established global organisations. In this regard, numerous business centres have recently been developed, with new centres in the pipeline.

Although the supply for commercial property has increased in recent years, rental demand is still greater than supply as can be seen in the increase in average asking rental rates for office space which increased to €213/sqm in 2023, up from €183/sqm in 2022. The largest increase in rental rates came from the central region which saw growth of 31.9%. Further analysis shows that the highest proportion of office space can be found in the Northern Harbour region (52% of all listings), followed by the Central region (31%).

When it comes to commercial property sales there was only a marginal increase in the asking price when compared to 2022 with this increasing by just 2%, with Central region properties increasing by 9.7%.

The ECB policy decisions to combat inflation have seen the key policy interest rate stand at a record high with the ECB charging banks 4.5% per annum on main refinancing operations. To date, these interest rate hikes have not been reflected in the local market. Should interest rates locally rise, the path that both rent and sale prices in the commercial property market would take depends on multiple factors and so is unclear.

³ Central Bank of Malta – Economic Update 11/2024

On one hand as the general price level of goods and services rises, property values may appreciate accordingly as investors turn to property as a hedge for inflation. The development of new commercial properties may also slow down as financing becomes costlier, potentially limiting the supply of available space and therefore increasing the price of already available property. On the other hand, persistently, sticky inflation could dampen economic activity and lead to suppressed demand levels and put downward pressure on both rental and sales prices.

3.1.3.2 *Luxury property sector*⁴

Sotheby's International Realty recently published its Luxury Outlook report for the high-end property market in 2024, highlighting current and emerging trends that are poised to influence prime housing markets worldwide.

The market has now reached more of a buyer-seller equilibrium, with inventory levels increasing slightly and prices generally holding steady. The report explores the trends shaping real estate investment decisions, revealing that high-end home seekers are expanding their reach to more parts of the globe as buyers begin to acclimate to a new normal of higher interest rates.

The historic rise in mortgage interest rates has led to a higher percentage of all-cash deals around the world. While daily currency fluctuations affecting exchange rates may be

slowing international purchases of U.S. real estate, it has also contributed to an increase in American buying power in Europe and other regions.

Malta, renowned for its 300 days of sun, stunning landscapes, rich culture, and favorable tax laws, has experienced a booming luxury property market. In 2022, Malta Sotheby's International Realty noted a significant increase in overall sales by 49%, with more than half of their clientele comprising qualified foreign investors. The average sales price exceeded €2 million. Michael J Zammit, Director & Joint Owner of Malta Sotheby's International Realty, attributes this growth to increased demand for luxury properties in Malta.

Buyer behavior has evolved, with a more demanding and decisive decision-making process observed globally. There is a noticeable shortage of inventory in the luxury housing market, as reported by over 70% of Sotheby's International Realty Sales Agents.

Zammit states that although a predicted global cooldown within the industry, Southern Europe is set to show remarkable resilience. Therefore, placing Malta's prime property at the pinnacle, making this Mediterranean jewel as the ideal location for foreign investor's to seeking a second home.

⁴ Sotheby's International Realty Luxury Outlook Report 2024

3.2 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.

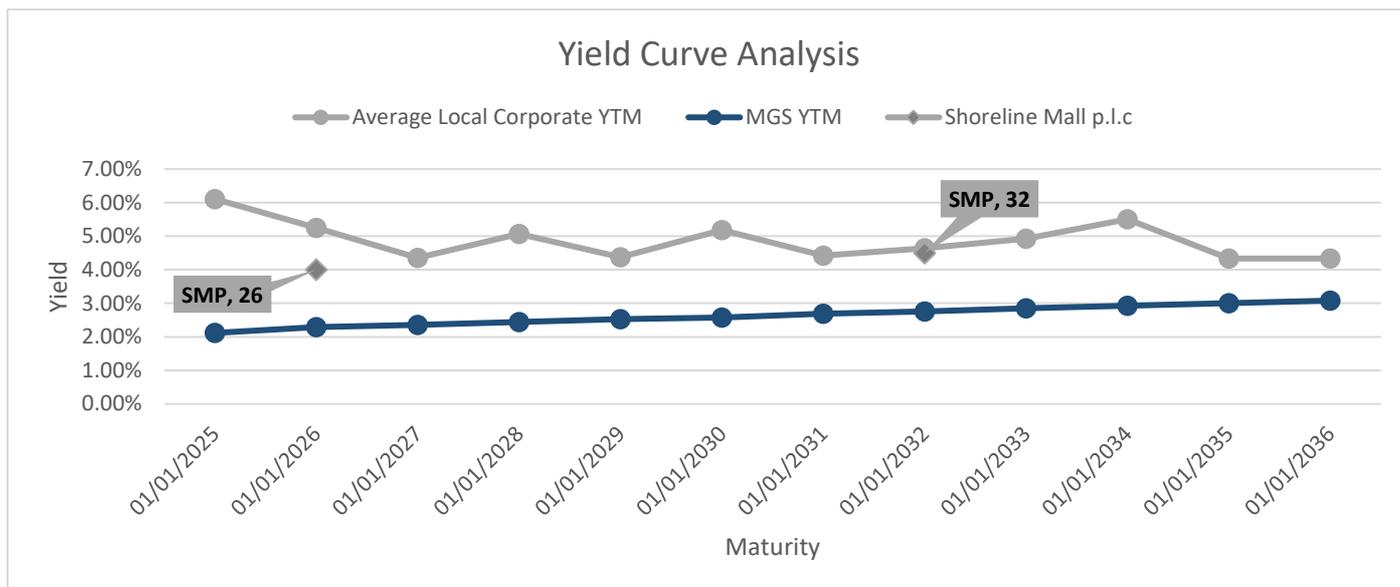
Security	Nom Value	Yield to Maturity	Interest coverage (EBIT)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)
5.75% International Hotel Investments plc Unsecured € 2025	45,000	6.73%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%
4.25% CPHCL Finance plc Unsecured € 2026	40,000	4.63%	1.6x	1,913.3	891.9	53.4%	42.3%	10.1x	1.1x	-1.3%
4% Shoreline Mall plc Secured € 2026	14,000	6.62%	3.1x	69.3	18.5	78.2%	68.1%	16.4x	0.6x	8.4%
3.25% AX Group plc Unsec Bds 2026 Series I (xd)	15,000	4.84%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%
4% Eden Finance plc Unsecured € 2027	40,000	3.99%	5.7x	223.3	136.7	38.8%	27.1%	4.3x	0.2x	2.8%
5.25% Mediterranean Investments Holding plc Unsecured € 2027	30,000	5.24%	5.2x	309.1	205.9	33.4%	20.4%	2.7x	1.1x	6.2%
4% Stivala Group Finance plc Secured € 2027	45,000	4.19%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%
5.85% Mediterranean Investments Holding plc Unsecured € 2028	20,000	5.07%	5.2x	309.1	205.9	33.4%	20.4%	2.7x	1.1x	6.2%
3.75% TUM Finance plc Secured € 2029	20,000	4.18%	4.1x	75.1	41.4	44.9%	37.3%	7.9x	1.6x	4.1%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.77%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%
3.65% Mizzi Organisation Finance plc Unsecured € 2028-2031	45,000	4.58%	1.8x	312.4	87.8	71.9%	58.4%	14.9x	0.8x	-1.9%
4.5% Shoreline Mall plc Secured € 2032	26,000	4.98%	3.1x	69.3	18.5	78.2%	68.1%	16.4x	0.6x	8.4%
5% Von der Heyden Group Finance plc Unsecured € 2032 (xd)	35,000	5.00%	1.2x	155.9	32.7	79.0%	76.3%	22.9x	0.5x	-8.2%
4.3% Mercury Projects Finance plc Secured € 2032	50,000	5.00%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%
5.85% AX Group plc Unsecured € 2033	40,000	5.00%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%
5.75% Phoenicia Finance Company plc Unsec Bonds 2028-2033	50,000	5.75%	2.6x	128.1	47.0	63.3%	59.0%	11.9x	0.3x	0.7%
5.3% Mercury Projects Finance plc Secured € Bonds 2034	20,000	4.97%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%
Average***		4.97%								

Source: Latest available audited financial statements

* Last closing price as at 06/12/2024

**The financial analysis of Shoreline Mall Plc reflects the projected financial position of the Issuer for the year ended 30 June 2024.

***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 9 December 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of two years (2025 - 2026) was 229 basis points. The 4% SHM PLC Secured Bonds 2026 is currently trading at a YTM of 525 basis points, meaning a spread of 330 basis

points over the equivalent MGS. This means that this bond is trading at a discount of 34 basis points in comparison to the market.

As at 9 December 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 9 years (2025-2034) was 223 basis points. The 4.5% SHM PLC Secured Bonds 2032 is currently trading at a YTM of 486 basis points, meaning a spread of 253 basis points over the equivalent MGS. This means that this bond is trading at a discount of 45 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 be 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 be 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.
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Calamatta Cuschieri

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