
**FINANCIAL
ANALYSIS
SUMMARY**

6 JUNE 2023

ISSUER

JUEL GROUP P.L.C.
(C 101395)

REGISTERED ADDRESS

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The Directors
Juel Group p.l.c.
Avian Hill
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Kappara, San Gwann, Malta

6 June 2023

Dear Directors,

Financial Analysis Summary

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 in 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 Juel Group p.l.c. (the “**Issuer**” or the “**Company**”), and Muscat Holdings Ltd, Muscat Holdings (II) Ltd, Juel Holdings Ltd and Juel Hospitality Ltd being the guarantors in relation to the issue of 5.50% secured bonds 2035 (ISIN: MT0002741206) (the “**Guarantors**” together with the Issuer, the “**Group**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 has been extracted from the audited financial statements of Muscat Holdings Ltd, Muscat Holdings (II) Ltd and Juel Holdings Ltd.
- (b) Historical financial data for the year ended 31 December 2022 has been extracted from the audited financial statements of the Issuer and Juel Hospitality Ltd.
- (c) Pro forma consolidated statement of financial position of the Issuer as at 31 December 2022.
- (d) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 have been provided by management.
- (e) Our commentary on the results of the Group and on its financial position is based on the explanations provided by management.
- (f) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (g) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as the websites of the companies concerned, 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 Group. 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 faithfully

A handwritten signature in blue ink, appearing to read "Mizzi", is written over a light blue circular scribble.

Jesmond Mizzi
Managing Director

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A Member Firm of the Malta Stock Exchange.
Company Registration Number: C30176

A member of the Atlas Group

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DEFINITIONS

| | |
|---|--|
| ACMUS Group Ltd | ACMUS Group Limited (C 104599); |
| Franchise Agreement | the franchise agreements between the Franchisor and Juel Hospitality as franchisee; |
| Franchisor | Hyatt International (Europe Africa Middle East) LLC a limited liability company, organised and existing under the laws of Switzerland with company registration number CHE-106.692.572 and having its registered address at The Circle 09, 8058, Zürich-Airport, Switzerland; |
| Issuer | Juel Group p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta, bearing company registration number C 101395, and having its registered address at Avian Hill, Triq I-Ispanjulett c/w Triq il-Gallina, Kappara, San Gwann, Malta; |
| GAP Group | GAP Group p.l.c. and its Subsidiaries; |
| GAP Group Investments II Limited | GAP Group Investments (II) Limited, a private limited liability company duly registered and validly existing under the laws of Malta, bearing company registration number C 75856 and having its registered office at GAP Holdings, Head Office, Censu Scerri Street, Tigne, Sliema, SLM, 3060; |
| GAP Group p.l.c. | GAP Group p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta, bearing company registration number C 75875 and having its registered office at GAP Holdings, Head Office, Censu Scerri Street, Tigne, Sliema, SLM, 3060; |
| Group | the Issuer and its Subsidiaries - Juel Holdings, Juel Hospitality, Muscat Holdings and Muscat Holdings II; |
| Guarantors | each of Juel Holdings, Juel Hospitality, Muscat Holdings and Muscat Holdings II; |
| Hotel | the four-star hotel to be developed on two adjacent sites (the "Rocheville Site" and "San Souci Site" respectively) in the area known as "St George's" in Triq Santu Wistin, Swieqi, Malta, measuring approximately 996m ² , and to be operated under the brand name "HYATT CENTRIC MALTA"; |
| Juel Holdings | Juel Holdings Ltd (C 92861); |
| Juel Hospitality | Juel Hospitality Limited (C 100482); |
| Muscat Holdings | Muscat Holdings Limited (C 77653); |
| Muscat Holdings II | Muscat Holdings (II) Limited (C 89275); |
| MZI | M.Z. Investment Services Ltd (C 23936); |
| Subsidiary | an entity over which the parent has control. In terms of the International Financial Reporting Standards adopted by the European Union, a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term " Subsidiaries " shall collectively refer to the said entities. |

PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

1.1 INTRODUCTION

The Issuer was incorporated on 24 January 2022 and is the holding and finance company of the Group. It acquired the entire issued share capital of Juel Hospitality, Juel Holdings, Muscat Holdings and Muscat Holdings II on 22 December 2022, through a share for share exchange process which enabled the Group's majority shareholder, Adrian Muscat, to consolidate the operations of the Guarantors through a holding structure. On 14 April 2023, the Issuer acquired 33.3% of the Ordinary A shares (carrying voting rights and the right to receive dividends) of GAP Group Investments II Ltd, which is the 99.99% shareholder of the GAP Group, a group of companies which operates in the industry of property development. GAP Group p.l.c., the parent company of the GAP Group, has debt instruments admitted to listing on the Official List of the Malta Stock Exchange.

In February 2023, ACMUS Group Ltd was incorporated as a joint venture with The Ona Property Development Ltd (C 82490), a subsidiary company of The Ona p.l.c. (C 101370). The Ona p.l.c. has a bond issue listed on the official list of the Malta Stock Exchange and the majority shareholder thereof is Cliona Muscat, the sister of Adrian Muscat. ACMUS Group Ltd will serve as a property development vehicle for joint projects between the Group and The Ona p.l.c. Group.

The principal business objectives of the Group are to: (i) hold investment property for rental; (ii) acquire new sites for residential properties for resale; (iii) develop and construct properties acquired; and (iv) operate and manage the Hotel. The Issuer does not carry out any trading activities of its own and its revenue is limited to the dividends it receives from its subsidiaries and associate companies, and interest receivable due under intra-group loan agreements.

As at the date of this report, the Issuer has entered into the following loan agreements with Juel Hospitality:

- (i) a conditional loan agreement with Juel Hospitality pursuant to which it shall advance the net bond proceeds of the Bond Issue (amounting to €13,616,700) to Juel Hospitality for the purposes of partly financing the development, construction and finishing costs of the Hotel;
- (ii) a loan agreement with Juel Hospitality pursuant to which it advanced all the funds it received under the Bond Advance Facility Agreement (amounting to €9.2723 million) to Juel Hospitality for the purposes of acquiring the Rocheville Site. The said Bond Advance Facility Agreement will be repaid through the allotment of Bonds to MZI or such persons as it may direct. As security for the Bond Advance Facility granted by MZI, Equinox International Limited, in its capacity as security trustee, holds a special hypothec and special privilege over the Rocheville Site for the benefit of MZI; and
- (iii) a loan agreement with Juel Hospitality pursuant to which it advanced €8 million in funds it received in terms of a bank loan granted by Bank of Valletta p.l.c. for the purposes of acquiring the San Souci Site.

The Issuer may, from time-to-time advance funds to its Subsidiaries for their operating requirements, as the case so requires. In view of the principal activity of the Issuer as the holding and finance company of the Group, it is economically dependent on the operational results, the financial position, and the financial performance of its Subsidiaries and associate companies.

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising five directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

| | |
|--------------------|------------------------------------|
| Adrian Muscat | Executive Director |
| George Muscat | Non-Executive Director |
| Mario Camilleri | Independent Non-Executive Director |
| Robert C. Aquilina | Independent Non-Executive Director |
| Dennis Gravina | Independent Non-Executive Director |

2.2 DIRECTORS OF THE GUARANTORS

Juel Holdings

| | |
|---------------|----------|
| Adrian Muscat | Director |
| George Muscat | Director |

Juel Hospitality

| | |
|-----------------|----------|
| Adrian Muscat | Director |
| Mario Camilleri | Director |

Muscat Holdings

| | |
|---------------|----------|
| Adrian Muscat | Director |
| George Muscat | Director |

Muscat Holdings II

| | |
|---------------|----------|
| Adrian Muscat | Director |
| George Muscat | Director |

2.3 SENIOR MANAGEMENT

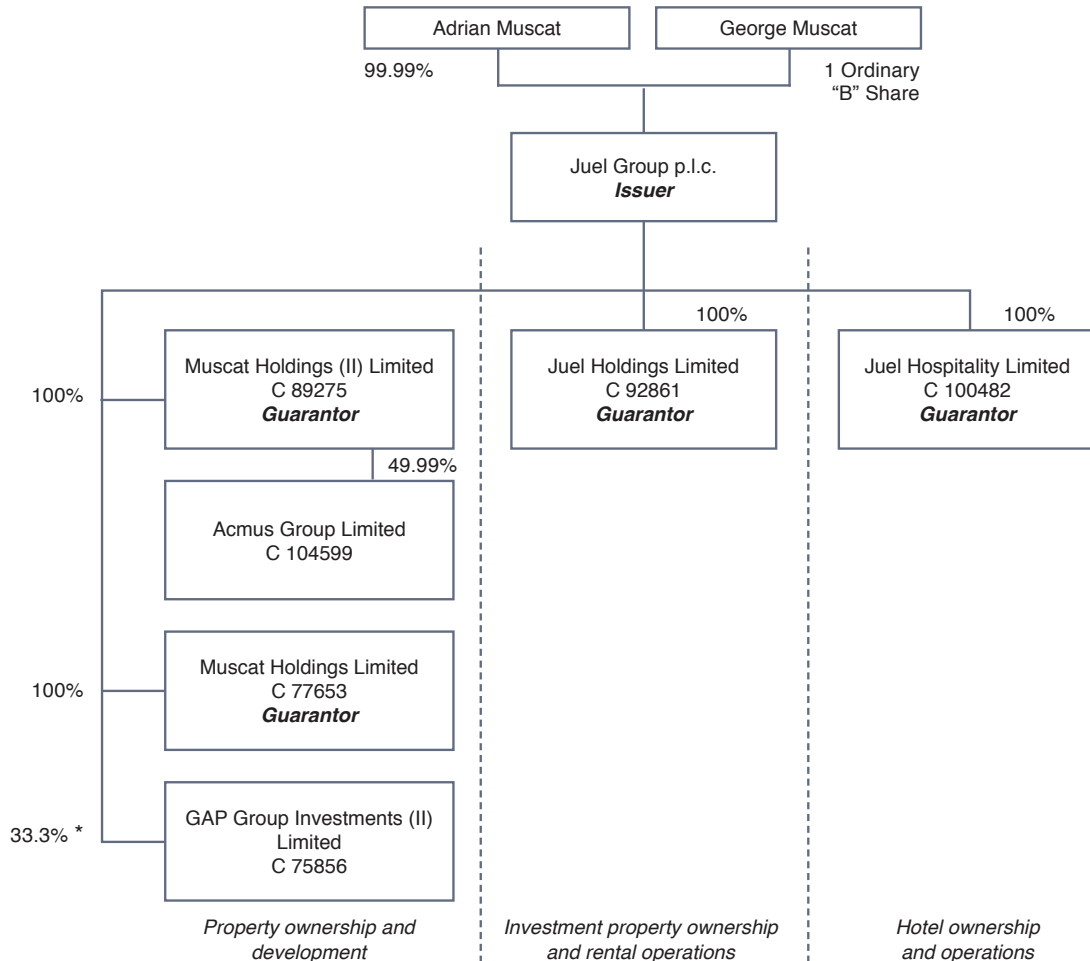
Adrian Muscat is the sole Executive Director of the Issuer entrusted with the day-to-day management of the Group. Mr Muscat is also a director or officer of other companies forming part of the Group. The Executive Director is supported in this role by several consultants and key management, and benefits from the know-how gained by members and officers of the Group.

The overall management of each Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor, including the responsibility for the appointment of all executive officers and other key members of management.

Once the Hotel is open to the public, the Hotel shall be operated by Juel Hospitality through an internal management team. For this purpose, Juel Hospitality shall employ skilled and experienced personnel with the necessary qualifications to perform their respective functions and responsibilities. Whilst the operation of the Hotel necessitates the employment of a variety of persons in different roles, the Hotel shall adopt a management structure which allows for the integration of personnel, in a manner that maximises efficiency.

The management of the Hotel shall be led by a core management team headed by a general manager approved by the Franchisor. Given that the construction and finishing works of the Hotel shall not be completed before the latter part of 2024, Juel Hospitality has not yet employed a general manager as well as other members of its core management team. Certain staff members and key personnel of the Hotel may be required to attend brand training programmes.

3. ORGANISATIONAL STRUCTURE



The organisational structure of the Group is depicted above. The Issuer is owned by Mr Adrian Muscat (ID: 16682M) as to 99.99%, whilst one share is held by Mr George Muscat (ID: 31235M). The Issuer also holds 33.3% of the Ordinary A shares (carrying voting rights and the right to receive dividends) of GAP Group Investments II Ltd.

3.1 GUARANTORS

3.1.1 JUEL HOSPITALITY

Juel Hospitality was incorporated on 18 October 2021 with the purpose of managing the Hotel under the “HYATT CENTRIC” brand as further described hereunder.

The Hotel Site, which consists of two adjacent sites known as the Rocheville Site and San Souci Site situated in Swieqi, Malta and measuring in aggregate 996 square metres, was acquired in September 2022 for an aggregate consideration of circa €18.5 million.

The Hotel is in the process of being constructed and developed over the above-mentioned Hotel Site. Once developed and finished, the Hotel shall be licensed as a Class 3B hotel and will form part of the “HYATT CENTRIC” brand of hotels. The Hotel shall feature 187 hotel rooms of which 27 rooms are interconnected spread over nine floors, a spa, pool facilities (indoor and outdoor), a restaurant and lounge.

The demolition of the villas constructed over the Hotel Site and excavation works were completed in Q1 2023 and construction works commenced in Q2 2023. The construction, finishing and furnishing of the Hotel is expected to be completed by Q3 2024, following which the Hotel would (subject to and in accordance with the terms of the Franchise Agreements) open its doors to the public. The costs for the overall construction and finishing expenditure of the Hotel are expected to be in the region of €24,310,000, as detailed below:

| Type of work | Projected cost |
|---------------------------------------|----------------|
| Demolition and excavation works | €0.31 million |
| Construction | €4.10 million |
| Finishing and furnishing | €16.00 million |
| Financial, commission, ancillary cost | €3.90 million |

Juel Hospitality has engaged local construction companies to carry out the development works and shall engage several service providers for the purpose of finishing and furnishing the Hotel. The development, finishing and furnishing costs of the Hotel shall be financed through a mix of net bond proceeds of the Bond Issue, a loan of €2 million granted by the Franchisor to the Franchisee and bank financing.

Juel Hospitality was granted the non-exclusive right and obligation to use the Hyatt Centric brand, proprietary marks, and systems for the operation of the Hotel under the trade name “Hyatt Centric Malta” and associated proprietary marks. The Hyatt Centric brand forms part of the “Hyatt” collection of hotel brands. Whilst the Hotel shall not be the first “Hyatt” branded hotel in Malta, the Hotel shall be the first hotel in Malta to operate under the “HYATT CENTRIC” brand.

Once the Hotel is open to the public, the Hotel shall be operated by Juel Hospitality through an internal management team. For this purpose, Juel Hospitality shall employ skilled and experienced personnel with the necessary qualifications to perform their respective functions and responsibilities. Whilst the operation of the Hotel necessitates the employment of a variety of persons in different roles, the Hotel shall adopt a management structure which allows for the integration of personnel, in a manner which maximises efficiency.

The management of the Hotel shall be led by a core management team headed by a general manager approved by the Franchisor. Given that the construction and finishing works of the Hotel shall not be completed before Q3 2024, Juel Hospitality has not yet employed a general manager as well as other members of its core management team.

The Hotel is expected to generate gross operating profit per available room (GOPAR) of €22,000 as from financial year 2027.

Juel Hospitality was incorporated on 18 October 2021 and as such, its first set of audited financial statements relates to the period from 18 October 2021 to 31 December 2022. An extract thereof is provided below:

| Juel Hospitality Limited | |
|---------------------------------------|------------------|
| Financial Information | |
| for the year ended 31 December | 2022 |
| | Audited |
| | 15 months |
| | (€'000) |
| Revenue | - |
| Loss for the year | (8) |
| Cash balance as at year end | 277 |
| Property, plant and equipment | 20,883 |
| Equity | 12 |
| Other financial liabilities | 21,016 |

During the financial year under review, Juel Hospitality was principally involved in the acquisition of the Hotel Site and development thereon. As at 31 December 2022, the carrying value of the Hotel amounted to €20.9 million (accounted for as property, plant and equipment). Other financial liabilities amounted to €21.0 million and principally included amounts due to Group companies.

3.1.2 JUEL HOLDINGS

Juel Holdings was incorporated on 8 August 2019 and operates in the property development and property rental sectors. Historical financial information for the years ended 31 December 2020, 2021 and 2022 pertaining to Juel Holdings has been extracted from the respective audited financial statements.

| Juel Holdings Limited | | | |
|--|------------------|----------------|----------------|
| Income Statement | | | |
| for the year ended 31 December | | | |
| | 2020 | 2021 | 2022 |
| | Audited | Audited | Audited |
| | 17 months | | |
| | (€'000) | (€'000) | (€'000) |
| Revenue | 673 | 489 | 686 |
| Cost of sales | (466) | (210) | (387) |
| Gross profit | 207 | 279 | 299 |
| Administrative expenses | (121) | (148) | (242) |
| Depreciation | (4) | (31) | (34) |
| Operating profit | 82 | 100 | 23 |
| Gain on revaluation of investment property | - | 1,952 | - |
| Interest payable | - | - | (2) |
| Profit before taxation | 82 | 2,052 | 21 |
| Taxation | (2) | (270) | (1) |
| Profit for the year | 80 | 1,782 | 20 |

| Juel Holdings Limited | | | |
|--|------------------|----------------|----------------|
| Cash Flow Statement | | | |
| for the year ended 31 December | | | |
| | 2020 | 2021 | 2022 |
| | Audited | Audited | Audited |
| | 17 months | | |
| | (€'000) | (€'000) | (€'000) |
| Net cash from / (used in) operating activities | 49 | 217 | (190) |
| Net cash from / (used in) investing activities | (1,293) | (41) | (15) |
| Net cash from / (used in) financing activities | 1,525 | (131) | 54 |
| Net movement in cash and cash equivalents | 281 | 45 | (151) |
| Cash and cash equivalents at beginning of year | - | 281 | 326 |
| Cash and cash equivalents at end of year | 281 | 326 | 175 |

| Juel Holdings Limited | | | |
|--|---------------------|---------------------|---------------------|
| Statement of Financial Position | | | |
| as at 31 December | 2020 | 2021 | 2022 |
| | Audited | Audited | Audited |
| | (€'000) | (€'000) | (€'000) |
| Non-current assets | | | |
| Property, plant and equipment | 1,289 | 251 | 232 |
| Investment property | - | 3,000 | 3,000 |
| Deferred income tax | 26 | - | 2 |
| | <u>1,315</u> | <u>3,251</u> | <u>3,234</u> |
| Current assets | | | |
| Inventory - development project | 177 | 130 | 79 |
| Trade and other receivables | 114 | 816 | 1,008 |
| Cash and cash equivalents | 281 | 326 | 175 |
| | <u>572</u> | <u>1,272</u> | <u>1,262</u> |
| Total assets | <u>1,887</u> | <u>4,523</u> | <u>4,496</u> |
| EQUITY | | | |
| Capital and reserves | | | |
| Called up share capital | 1 | 1 | 1 |
| Retained earnings | 80 | 1,862 | 1,882 |
| | <u>81</u> | <u>1,863</u> | <u>1,883</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax | - | 240 | 240 |
| | <u>-</u> | <u>240</u> | <u>240</u> |
| Current liabilities | | | |
| Trade and other payables | 282 | 245 | 178 |
| Other financial liabilities | 1,524 | 2,175 | 2,195 |
| | <u>1,806</u> | <u>2,420</u> | <u>2,373</u> |
| | <u>1,806</u> | <u>2,660</u> | <u>2,613</u> |
| Total equity and liabilities | <u>1,887</u> | <u>4,523</u> | <u>4,496</u> |

Juel Holdings initiated operations in January 2020 through the acquisition of a site located on Triq l-Ahwa Vassallo in Luqa, Malta, with a superficial area of approximately 292 square metres over which it subsequently developed the Luqa Development. A portion of the site in Luqa was acquired jointly with Katari Developments Limited (C 89550). The construction and development of the Luqa Development commenced in March 2020 and was completed in Q1 2021.

The Luqa Development consists of two blocks of apartments. The first block of apartments was developed over the part of the site in Luqa which was jointly acquired with Katari Developments Limited (C 89550). The first block within the Luqa Development consists of 9 residential units and 10 garages / car spaces. Other than one apartment, all the residential units and garages / car spaces forming part of this block have since been sold.

The second block within the Luqa Development is owned by Juel Holdings and consists of 10 residential units and 10 underlying garages. Juel Holdings leases the second block of apartments (with the exception of a small number of garages) to a third party.

Apart from the above-mentioned 10 units within the Luqa Development, Juel Holdings leases to third parties, on a short-term and long-term basis, another 24 residential units: 14 residential units within the Birkirkara Development (owned by Muscat Holdings) and 10 units within the Kappara Development (owned by Muscat Holdings).

The short-let segment of the Group is operated under the brand “StayMela”. The residential units available for rent under the “StayMela” brand are primarily targeted at tourists visiting Malta on a short-term basis which seek a more affordable alternative to hotels. Since the commencement of its operations in 2020, the short-let operation of the Group under the “StayMela” brand has had an average of 68% occupancy of the units leased on a short-term basis in the year 2020, 74% occupancy in the year 2021 and 83% occupancy in the year 2022. The Group attributes the success of its operations under the “StayMela” brand to its pricing strategy, high quality services and the comfort and convenience of the residential units.

Revenue generated by Juel Holdings over the three-year period under review amounted to €1.8 million and operating profit, in aggregate, amounted to €205,000. In FY2021, the fair value of the 10 residential units at the Luqa Development was increased by €1.95 million. Overall, Juel Holdings reported profits for the three-year period of €1.9 million.

Total assets in the Statement of Financial Position as at 31 December 2022 amounted to €4.5 million and principally comprised investment property amounting to €3.0 million (being 10 units at the Luqa Development) and trade and other receivables of €1.0 million (mainly consisting of amounts due from shareholder and related parties).

Total equity as at 31 December 2022 amounted to €1.9 million while total liabilities amounted to €2.6 million. The latter amount primarily reflects amounts due to related parties.

3.1.3 MUSCAT HOLDINGS

Muscat Holdings was established on 14 October 2016 and operates in the property development and property rental sectors. Historical financial information for the years ended 31 December 2020, 2021 and 2022 pertaining to Muscat Holdings has been extracted from the respective audited financial statements.

| Muscat Holdings Limited | | | |
|--|----------------|----------------|----------------|
| Income Statement | | | |
| for the year ended 31 December | | | |
| | 2020 | 2021 | 2022 |
| | Audited | Audited | Audited |
| | (€'000) | (€'000) | (€'000) |
| Revenue | 3,021 | 1,070 | - |
| Cost of sales | (1,895) | (584) | - |
| Gross profit | 1,126 | 486 | - |
| Administrative expenses | (67) | (86) | (24) |
| Depreciation | (2) | (2) | (2) |
| Rental income | 35 | 95 | 145 |
| Operating profit | 1,092 | 493 | 119 |
| Gain on revaluation of investment property | - | 3,887 | - |
| Interest payable | (113) | (43) | (63) |
| Profit before taxation | 979 | 4,337 | 56 |
| Taxation | (161) | (683) | (18) |
| Profit for the year | 818 | 3,654 | 38 |

Muscat Holdings Limited
Cash Flow Statement
for the year ended 31 December

| | 2020 | 2021 | 2022 |
|--|----------------|----------------|----------------|
| | Audited | Audited | Audited |
| | (€'000) | (€'000) | (€'000) |
| Net cash from / (used in) operating activities | 2,443 | 579 | (2,240) |
| Net cash from / (used in) investing activities | (1,283) | (86) | - |
| Net cash from / (used in) financing activities | (1,549) | (808) | 2,179 |
| Net movement in cash and cash equivalents | (389) | (315) | (61) |
| Cash and cash equivalents at beginning of period/year | 1,219 | 830 | 515 |
| Cash and cash equivalents at end of period/year | 830 | 515 | 454 |

Muscat Holdings Limited
Statement of Financial Position
as at 31 December

| | 2020 | 2021 | 2022 |
|-------------------------------------|----------------|----------------|----------------|
| | Audited | Audited | Audited |
| | (€'000) | (€'000) | (€'000) |
| Non-current assets | | | |
| Property, plant and equipment | 18 | 16 | 13 |
| Investment property | 3,727 | 7,700 | 7,700 |
| | <u>3,745</u> | <u>7,716</u> | <u>7,713</u> |
| Current assets | | | |
| Inventory - development project | 1,654 | 1,059 | 1,059 |
| Trade and other receivables | 2,395 | 1,536 | 3,805 |
| Cash and cash equivalents | 830 | 515 | 454 |
| | <u>4,879</u> | <u>3,110</u> | <u>5,318</u> |
| Total assets | 8,624 | 10,826 | 13,031 |
| EQUITY | | | |
| Capital and reserves | | | |
| Called up share capital | 200 | 200 | 200 |
| Retained earnings | 3,813 | 6,867 | 6,905 |
| | <u>4,013</u> | <u>7,067</u> | <u>7,105</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Bank loans | - | 522 | 2,800 |
| Deferred tax | - | 616 | 616 |
| | <u>-</u> | <u>1,138</u> | <u>3,416</u> |
| Current liabilities | | | |
| Bank loans | 924 | 60 | - |
| Trade and other payables | 2,439 | 1,178 | 1,167 |
| Other financial liabilities | 1,248 | 1,383 | 1,343 |
| | <u>4,611</u> | <u>2,621</u> | <u>2,510</u> |
| | 4,611 | 3,759 | 5,926 |
| Total equity and liabilities | 8,624 | 10,826 | 13,031 |

The first project undertaken by Muscat Holdings consisted of the development of three blocks in St Julian's comprising 31 residential units and 23 underlying garages (the "St Julian's Development"). Construction works commenced in 2017 and the development was fully completed in 2019. All said units and garages have been sold and the majority of contracts were signed in FY2019 and the initial part of FY2020.

Thereafter, Muscat Holdings developed three blocks in Birkirkara between Q3 2018 and Q1 2020 (the "Birkirkara Development"), of which, one block of 13 residential units and 9 garages were completely sold, save for one garage, between FY2020 and FY2021, a second block of 9 residential units has been reserved for a third party as settlement of an existing liability, while the third block consisting of 14 residential units and nine garages is leased by Muscat Holdings to Juel Holdings to be used exclusively for short let operation purposes by Juel Holdings.

Between Q3 2019 and Q3 2020, Muscat Holdings developed a property in Kappara comprising 10 residential units over five floors, a street level retail outlet and three underlying garages at basement level (the "Kappara Development"). The Kappara Development (including the retail shop) was leased to a third party through Juel Holdings under a long-term lease agreement which expired on 23 May 2022. Thereafter, the retail shop was converted to an office for use by the Group. The 10 units in the Kappara Development are being used for short let operation purposes by Juel Holdings.

During FY2020 and FY2021, Muscat Holdings generated revenue of €4.1 million from the sale of property units in the St Julian's Development and the Birkirkara Development. Rental income of €130,000 reflects the lease of units in the Birkirkara Development and the Kappara Development to Juel Holdings. The fair value of the afore-stated leased property was increased by €3.9 million in FY2021. Aggregate profit for the financial years under review amounted to €4.5 million.

No property sales were executed during FY2022. As such, revenue for the said year represented rental income from Juel Holdings amounting to €145,000. Overall, Muscat Holdings reported a profit for FY2022 of €38,000.

Total assets in the Statement of Financial Position as at 31 December 2022 amounted to €13.0 million and mainly comprised investment property of €7.7 million and receivables of €3.8 million. The former amount represents the fair value of the leased property forming part of the Birkirkara Development and the Kappara Development (in aggregate, 24 residential units). Receivables primarily include amounts due from related parties.

Equity as at 31 December 2022 amounted to €7.1 million, while total liabilities amounted to €5.9 million. Bank loans of €2.8 million relates to the outstanding balance of the bank facility used to end-finance the acquisition of the Kappara Development site and an equity release facility to inject funds into Juel Hospitality for the acquisition of the two Swieqi sites, forming part of the Hotel Site.

3.1.4 Muscat Holdings II

Muscat Holdings II was established on 7 November 2018 and operates in the property development sector. Historical financial information for the years ended 31 December 2020, 2021 and 2022 pertaining to Muscat Holdings II has been extracted from the respective audited financial statements.

| Muscat Holdings (II) Limited | | | |
|---------------------------------------|----------------|----------------|----------------|
| Income Statement | | | |
| for the year ended 31 December | | | |
| | 2020 | 2021 | 2022 |
| | Audited | Audited | Audited |
| | (€'000) | (€'000) | (€'000) |
| Revenue | - | 8,745 | 370 |
| Cost of sales | - | (6,332) | (221) |
| Gross profit | - | 2,413 | 149 |
| Administrative expenses | (3) | (271) | (4) |
| Operating profit | (3) | 2,142 | 145 |
| Interest payable | - | - | - |
| Profit/(loss) before taxation | (3) | 2,142 | 145 |
| Taxation | - | (431) | (19) |
| Profit/(loss) for the year | (3) | 1,711 | 126 |

| Muscat Holdings (II) Limited | | | |
|--|----------------|----------------|----------------|
| Cash Flow Statement | | | |
| for the year ended 31 December | | | |
| | 2020 | 2021 | 2022 |
| | Audited | Audited | Audited |
| | (€'000) | (€'000) | (€'000) |
| Net cash from / (used in) operating activities | (578) | 4,908 | (4,570) |
| Net cash from / (used in) financing activities | 519 | (3,193) | 3,078 |
| Net movement in cash and cash equivalents | (59) | 1,715 | (1,492) |
| Cash and cash equivalents at beginning of period/year | 93 | 34 | 1,749 |
| Cash and cash equivalents at end of period/year | 34 | 1,749 | 257 |

| Muscat Holdings (II) Limited | | | |
|--|----------------|----------------|----------------|
| Statement of Financial Position | | | |
| as at 31 December | | | |
| | 2020 | 2021 | 2022 |
| | Audited | Audited | Audited |
| | (€'000) | (€'000) | (€'000) |
| Current assets | | | |
| Inventory - development project | 5,425 | 266 | 5,050 |
| Trade and other receivables | 4 | 1,308 | 903 |
| Cash and cash equivalents | 34 | 1,749 | 257 |
| | <u>5,463</u> | <u>3,323</u> | <u>6,210</u> |
| Total assets | 5,463 | 3,323 | 6,210 |
| EQUITY | | | |
| Capital and reserves | | | |
| Called up share capital | 1 | 100 | 100 |
| Retained earnings | (6) | 1,706 | 1,832 |
| | <u>(5)</u> | <u>1,806</u> | <u>1,932</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Bank Loans | - | - | 3,264 |
| | <u>-</u> | <u>-</u> | <u>3,264</u> |
| Current liabilities | | | |
| Bank overdraft and loans | 3,216 | - | - |
| Trade and other payables | 1,195 | 536 | 219 |
| Other financial liabilities | 1,057 | 981 | 795 |
| | <u>5,468</u> | <u>1,517</u> | <u>1,014</u> |
| | <u>5,468</u> | <u>1,517</u> | <u>4,278</u> |
| Total equity and liabilities | 5,463 | 3,323 | 6,210 |

In 2019, Muscat Holdings II acquired a plot of land situated in Imgarr and two plots in Naxxar for the development of the Imgarr Development and the Naxxar Development, respectively. The former project was completed in April 2021 and consisted of 14 residential units and 15 garages. The Naxxar Development was constructed between February 2020 and June 2021 and comprised 10 residential units and 12 garages. Other than one garage within the Imgarr Development, all units and garages were sold in FY2021 and FY2022 and generated revenue amounting to €9.1 million. In the financial years under review, Muscat Holdings II registered a net profit (in aggregate) of €1.8 million.

Total assets in the Statement of Financial Position as at 31 December 2022 amounted to €6.2 million and mainly included property acquisitions (namely, "Marsascala Development I" and "Marsascala Development II") and one garage in Imgarr (inventory – development project) of €5.1 million.

In February 2022, Muscat Holdings II acquired a plot of land in Triq il-Bahhara, Marsascala for the purposes of developing 28 residential units, one commercial outlet and 35 lock-up garages. The Marsascala Development I is covered by a fully development permit having permit number PA/03522/21. Construction works commenced in Q3 2022 and are scheduled for completion by Q4 2023 at an estimated cost of *circa* €5.4 million (inclusive of land cost). The project is being funded through bank financing and accumulated reserves. The Directors are projecting to generate approximately €7.8 million in sales proceeds.

In November 2022, Muscat Holdings II acquired three adjacent properties in Triq il-Hut, Marsascala for the purposes of developing the Marsascala Development II. The site is earmarked to be redeveloped into 25 residential units and 18 lock-up garages. Land acquisition and development costs are expected to amount to €4.4 million and is being financed through a bank loan facility and accumulated reserves. Construction works commenced in February 2023 and are expected to be completed by Q2 2024. The Marsascala Development II is covered by a full development period having permit number PA/00876/22. The Directors are projecting to generate approximately €6.3 million in sales proceeds.

Total equity as at 31 December 2022 amounted to €1.9 million, while total liabilities amounted to €4.3 million. The principal amount related to a bank loan of €3.3 million used for the acquisition and development of the Marsascala Development I and the Marsascala Development II.

4. NEW IDENTIFIED PROPERTY DEVELOPMENT PROJECTS

The business strategy of the Group is to identify small to medium-sized property development projects in different localities in Malta. As at the date of this report, the Group has identified two sites in Imgarr for property development.

The majority shareholder of the Juel Group, Adrian Muscat, has entered into a promise of sale agreements pertaining to two sites located in Imgarr. Adrian Muscat has also entered into an agreement with a third party pursuant to which the third party agreed to assign its rights under a promise of sale agreement relating to a site in Imgarr in favour of Adrian Muscat. Adrian Muscat intends to assign and transfer his rights under the aforementioned agreements to ACMUS Group Ltd. The proposed developments are described below:

(a) Proposed development in Imgarr (site 1)

On 14 September 2022, Adrian Muscat entered into an agreement with a third party pursuant to which latter agreed to assign his rights to Adrian Muscat under a promise of sale agreement in respect of two adjacent properties in Triq Sir Harry Luke, Imgarr, Malta, which comprises a total superficial area of 280 square metres. The site has been earmarked by the Group to be redeveloped into six three-bedroomed apartments, a three-bedroomed penthouse and an office over five floors, with eight lock-up garages split equally over the ground and basement levels. The street level garages are divided into two one-car garages, a two-car garage and a three-car garage.

The expected aggregate net sales revenue from the sale of the units and garages forming part this property development project is expected to be in the region of €3.6 million. As at the date of this report, the Group has submitted a planning application having application number PA/05846/22 covering the proposed development which is pending approval. The total cost of this development, including acquisition, construction and finishing costs but excluding financing costs shall be approximately €2.5 million. The Group intends to finance such costs through bank financing, and shareholder loans. Since the proposed property development is at application stage and is pending approval from the Planning Authority in Malta, the Group is not in a position to estimate when construction of the proposed development of the site will commence.

(b) Proposed development in Imgarr (site 2)

On 6 July 2022, Adrian Muscat entered into a promise of sale agreement to acquire two adjacent properties in Triq San Pawl, Imgarr, Malta, which comprises a total superficial area of 265 square metres. The site over which the said properties are built has been earmarked by the Group to be redeveloped into three two-bedroomed apartments, a two-bedroomed penthouse and a one-bedroom penthouse over four floors, with six one-car garages and a three-car garage below street level.

The expected aggregate net sales revenue from the sale of the units and garages forming part this property development project is expected to be in the region of €3.3 million. As at the date of this report, the Group has submitted a planning application having application number PA/06743/22 covering the proposed development which is pending approval. The total cost of this development including acquisition, construction and finishing costs but excluding financing costs shall be approximately €2 million. The Group intends to finance such costs through bank financing and shareholder loans. Since the proposed property development is at application stage and is pending approval from the Planning Authority in Malta, the Group is not in a position to estimate when construction of the proposed development of the site will commence.

5. ECONOMIC AND SECTOR ANALYSIS

5.1 ECONOMIC UPDATE

In 2022, real GDP growth reached 6.9%¹, which is higher than the 5.7% projected in autumn². The economy showed strong growth in both private and public consumption, which were partially offset by a decrease in gross fixed capital formation. In addition to strong performance by the services sectors in general, the export of tourism services in 2022 rebounded quickly, both in terms of total number of visitors and tourism expenditures, contributing to overall positive economic results.

In 2023, real GDP is forecast to grow at a slower pace, by 3.1%, following a wider economic slowdown in Malta's main trading partners. In 2024, real GDP growth is expected to reach 3.7%, supported by net exports and growth in domestic demand. The strong impulse to growth from the recovery in tourism is however set to moderate in 2024, as tourist flows approach pre-pandemic levels.

Harmonised Index of Consumer Prices (HICP) inflation in 2022 reached 6.1%, despite energy prices being kept at 2020 level by government intervention. The Maltese authorities announced that they will continue limiting energy inflation in 2023 and 2024. Nonetheless, inflation in 2023 is set to remain elevated at 4.3%, due to continuing pressures in food, transport, and imported goods prices. In 2024, inflation is expected to subside to 2.4% as imported price pressures are also set to moderate.³

5.2 HOSPITALITY⁴

In 2022, the number of inbound tourists increased considerably by 136% over 2021, reaching 2,286,597 (2021: 968,136 visitors), but still remained 17% below 2019 pre-pandemic level (2019: 2,753,239 inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased.

The total number of guest nights that tourists spent in Malta during 2022 increased to around 16.6 million from 8.4 million a year earlier (+98%), but 14% less than the level recorded in 2019 (19.3 million guest nights). Guest nights at collective accommodation made up 52% of the aggregate (2021: 49%), while rented accommodation (other than collective accommodation) held a 48% share (2021: 51%).

Inbound tourists for the first three months of 2023 amounted to 443,062, an increase of 4.0% over the same period in 2019. Total nights spent by inbound tourists surpassed 2.9 million nights in Q1 2023, an increase of 3.8% when compared to Q1 2019.⁵

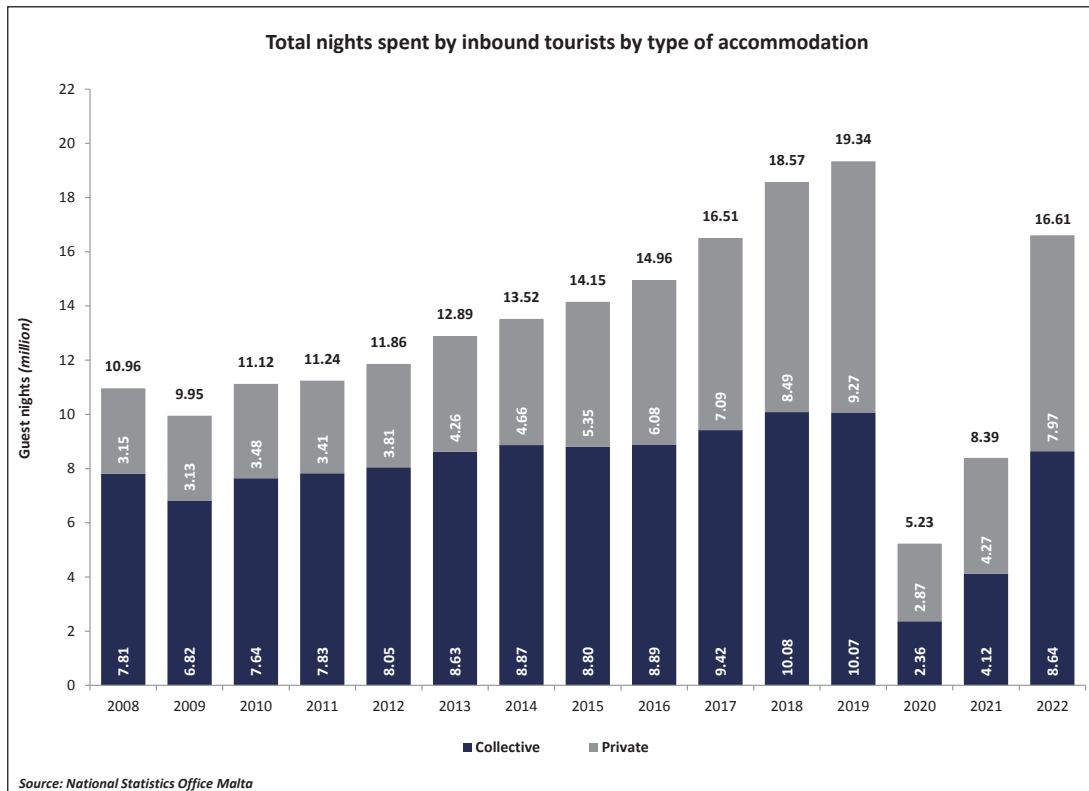
¹ National Statistics Office Malta – News Release 036/2023.

² European Economic Forecast, November 2022, European Commission Institutional Paper 187, page 104).

³ European Economic Forecast – Winter 2023 (European Commission Institutional Paper 194 Feb 2023).

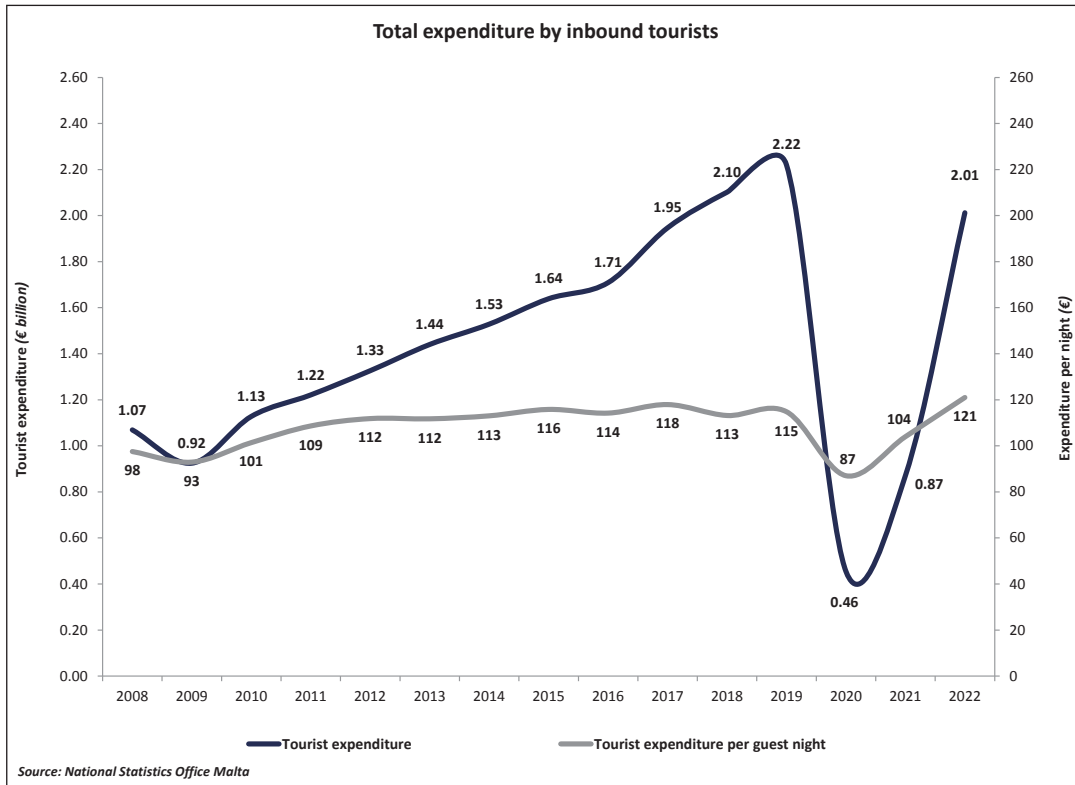
⁴ National Statistics Office Malta – News Release 020/2023.

⁵ National Statistics Office Malta – News Release 078/2023.



The total occupancy rate in collective accommodation establishments during 2022 rose to 53.3%, from 33.2% a year earlier. However, it remained below that recorded in 2019, when it had reached 65.7%. All categories reported increases in their occupancy rates over 2021, with the 2-star category registering the largest increase – of 24.3 percentage points. This was followed by a rise of 23.0 percentage points in the 4-star category. Meanwhile, the smallest increase – of 13.6 percentage points – was registered in the ‘other’ collective accommodation category. Occupancy rates remained below those prevailing before the pandemic, with the most significant gap recorded among 5-star hotels, while in 2-star establishments the rate has almost converged to that prevailing then.¹

¹ National Statistics Office Malta – News Release 040/2023.



Tourist expenditure in Malta more than doubled in 2022 to €2,012.5 million compared to the prior year (2021: €870.7 million). Total spending was just 9% below the level registered in the corresponding period of 2019. Expenditure per capita decreased by 2% from €899 in 2021 to €880 in 2022 (2019: €807), while average length of stay also decreased from 8.7 nights in 2021 to 7.3 nights in 2022 (2019: 7.0 nights). In Q1 2023, total tourist expenditure was estimated at €312.4 million compared to €272.4 million in the same period in 2019 (+15%).

5.3 PROPERTY MARKET

The NSO's Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms, albeit at a slower pace. The annual rate of change stood at 5.9% in the fourth quarter of 2022, from 6.3% in the third quarter of 2022 (see chart below). House price inflation in Malta was higher when compared to the euro area, where prices increased q-o-q by 3.0%.



Residential property prices continue to be supported by numerous factors, including the Government schemes supporting demand for property, such as the first-time and second-time buyers' schemes, the purchase of properties located in Urban Conservation Areas (UCA), purchases of property in Gozo, as well as refund schemes for restoration expenses. The recovery of tourism and normalisation of migrant workers flows from pandemic lows may have also shored up demand for property and contributed to the recent increase in property prices.¹

In 2021, the number of final deeds of sale relating to residential property amounted to 14,368 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,161.9 million, an increase of 49% when compared to the prior year (2020: €2,126.6 million). During 2022, 14,305 final deeds of sale were concluded, a decrease of 63 deeds from a year earlier (2021: 14,368 deeds). The value of the aforementioned deeds amounted to €3,248.8 million compared to €3,161.9 million in 2021 (+€86.9 million or +2.7%).²

In the first quarter of 2023, 3,088 final deeds were registered, an annual decrease of 9.4%. The value of the deeds registered during this period went up by 3.2% over the same quarter of the previous year and amounted to €789.9 million.³

The number of residential building permits issued in 2022 amounted to 1,271 permits (2021: 1,633 permits) for the development of 9,599 residential units (2021: 7,578 residential units). As shown in the below chart, the number of units in 2022 (9,599) reflects a decrease of 26% from the all-time high of 12,885 units in 2018.³ During the first quarter of 2023, 496 building permits for a total of 2,540 new dwellings were approved. When compared to the same quarter of the previous year, the number of building permits decreased by 18.6% while the number of approved new dwellings decreased by 20.7%.⁴

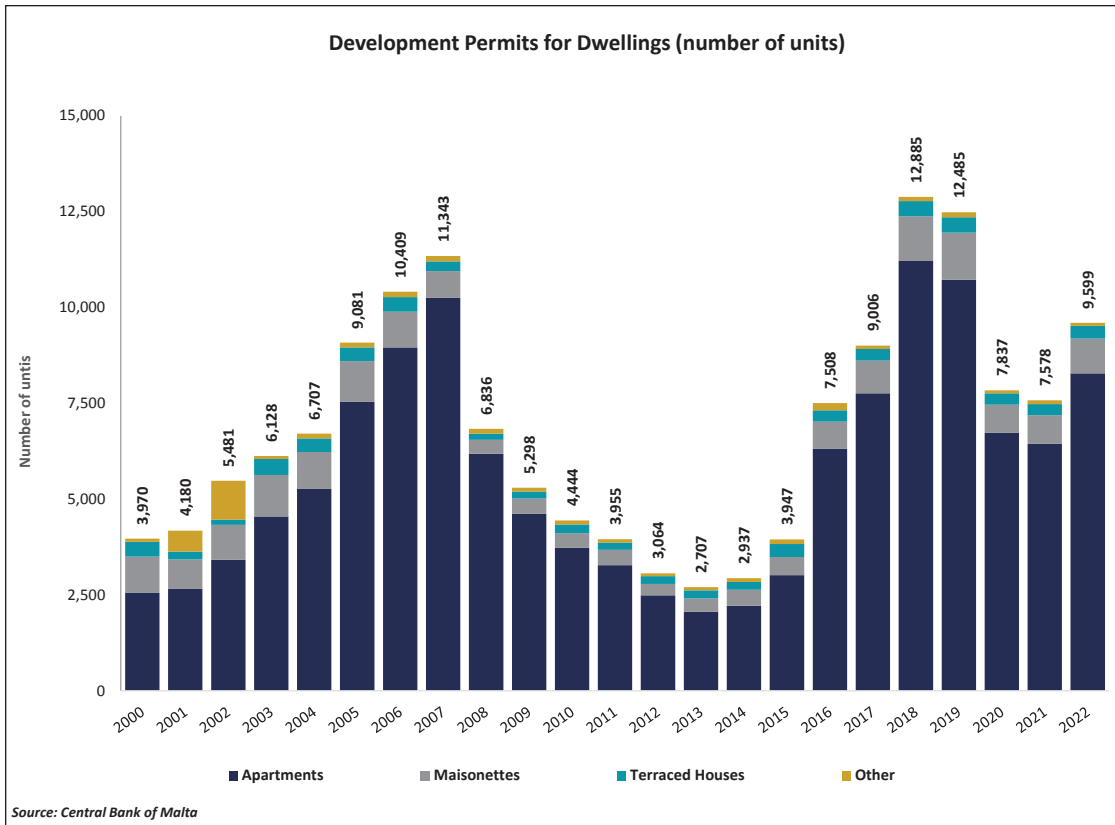
¹ Central Bank of Malta Quarterly Review (2023 Vol. 56 No. 1; page 43).

² National Statistics Office Malta – News Release 006/2023.

³ National Statistics Office Malta – News Release 059/2023.

⁴ <https://www.centralbankmalta.org/real-economy-indicators> (Development Permits for Dwellings, by Type).

⁵ National Statistics Office Malta – News Release 084/2023.



PART 2 – GROUP PERFORMANCE REVIEW

6. PRO FORMA FINANCIAL INFORMATION RELATING TO THE ISSUER

The financial information set out in this review represents pro forma consolidated financial information. This pro forma information presents what the Issuer's consolidated statement of financial position would have looked like had the Group existed in its current form, comprising all its current constituent components, as at 31 December 2022.

| Juel Group p.l.c. Pro forma Consolidated Statement of Financial Position as at 31 December 2022 | Audited (€'000) | Adjustments | | | Pro forma (€'000) |
|---|--------------------|----------------|-----------------|------------------|----------------------|
| | | (I) (€'000) | (II) (€'000) | (III) (€'000) | |
| Non-current assets | | | | | |
| Investment property | 10,700 | - | - | - | 10,700 |
| Property, plant and equipment | 21,129 | - | - | - | 21,129 |
| Equity-accounted investees | - | 7,915 | - | - | 7,915 |
| | <u>31,829</u> | <u>7,915</u> | <u>-</u> | <u>-</u> | <u>39,744</u> |
| Current assets | | | | | |
| Inventory - development project | 6,188 | - | - | - | 6,188 |
| Trade and other receivables | 145 | - | - | - | 145 |
| Amounts due from shareholders | 774 | - | (774) | - | - |
| Cash and cash equivalents | 1,164 | - | - | - | 1,164 |
| | <u>8,271</u> | <u>-</u> | <u>(774)</u> | <u>-</u> | <u>7,497</u> |
| Total assets | 40,100 | 7,915 | (774) | - | 47,241 |
| EQUITY | | | | | |
| Capital and reserves | | | | | |
| Share capital and premium | 10,951 | 7,915 | - | 2,092 | 20,958 |
| Retained earnings | (17) | - | - | - | (17) |
| | <u>10,934</u> | <u>7,915</u> | <u>-</u> | <u>2,092</u> | <u>20,941</u> |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 6,064 | - | - | - | 6,064 |
| Deferred tax liability | 856 | - | - | - | 856 |
| | <u>6,920</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,920</u> |
| Current liabilities | | | | | |
| Bank loans | 8,000 | - | - | - | 8,000 |
| Bond advance facility | 9,488 | - | - | - | 9,488 |
| Trade and other payables | 1,892 | - | - | - | 1,892 |
| Amounts due to related parties | 2,851 | - | (2,851) | - | - |
| Amounts due to shareholders | 15 | - | 2,077 | (2,092) | - |
| | <u>22,246</u> | <u>-</u> | <u>(774)</u> | <u>(2,092)</u> | <u>19,380</u> |
| | <u>29,166</u> | <u>-</u> | <u>(774)</u> | <u>(2,092)</u> | <u>26,300</u> |
| Total equity and liabilities | 40,100 | 7,915 | (774) | - | 47,241 |

The pro forma adjustments include the following:

- (I) Represents the inclusion of 33.3% of the voting shares in GAP Group Investments II Limited, which equity stake was acquired by the Issuer on 14 April 2023;
- (II) Represents the assignment of related party balances to Mr Adrian Muscat, the ultimate beneficial owner;
- (III) Reflects the capitalisation of amounts due to the shareholder following the adjustment in point (II) above.

On a pro forma basis, total equity of the Group as at 31 December 2022 amounted to €20.9 million.

Total liabilities amounted to €26.3 million, primarily made up of outstanding bank loans amounting to €14.1 million and the Bond advance facility of €9.5 million.

Total assets amounted to €47.2 million and principally comprised investment property (residential units used for rental purposes), property, plant and equipment (the Hotel), investment in GAP Group Investments (II) Ltd and inventory of development projects.

7. FINANCIAL INFORMATION RELATING TO THE ISSUER

The Issuer was incorporated on 24 January 2022 and as such, its first set of audited financial statements relate to the period 24 January 2022 to 31 December 2022.

The projected consolidated financial information of the Group for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 has been provided by management of the Issuer.

The projected financial information relates to events in the future and is based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

| Juel Group p.l.c. | | | | |
|---|------------------|-------------------|-------------------|-------------------|
| Consolidated Statement of Comprehensive Income | | | | |
| for the year ending 31 December | | | | |
| | 2022 | 2023 | 2024 | 2025 |
| | Actual | Projection | Projection | Projection |
| | 11 months | | | |
| | €'000 | €'000 | €'000 | €'000 |
| Revenue - property development | - | 2,975 | 9,663 | 1,800 |
| Revenue - hotel operations | - | - | 2,038 | 7,135 |
| Property rental net operating profit | 5 | 315 | 321 | 328 |
| Revenue | 5 | 3,290 | 12,022 | 9,263 |
| Cost of sales and operating expenses | (8) | (2,217) | (8,735) | (5,272) |
| EBITDA | (3) | 1,073 | 3,287 | 3,991 |
| Depreciation and amortisation | - | (27) | (502) | (985) |
| Operating profit (loss) | (3) | 1,046 | 2,785 | 3,006 |
| Share of results of associated company | - | 3,276 | 1,842 | 2,405 |
| Net finance costs | 2 | 103 | (980) | (1,982) |
| Profit (loss) before tax | (1) | 4,425 | 3,647 | 3,429 |
| Taxation | 2 | (338) | (894) | (244) |
| Profit for the year | 1 | 4,087 | 2,753 | 3,185 |
| Other comprehensive income | | | | |
| Hotel revaluation, net of tax | - | - | 2,215 | 560 |
| Total comprehensive income for the year | 1 | 4,087 | 4,968 | 3,745 |

Key Accounting Ratios

| | FY2023 Projection | FY2024 Projection | FY2025 Projection |
|---|------------------------------|------------------------------|------------------------------|
| EBITDA margin (%) <i>(EBITDA / revenue)</i> | 32.61 | 27.34 | 43.09 |
| Operating profit margin (%) <i>(Operating profit / revenue)</i> | 31.79 | 23.17 | 32.45 |
| Net profit margin (%) <i>(Profit after tax / revenue)</i> | 124.22 | 22.90 | 34.38 |
| Return on equity (%) <i>(Profit after tax / average equity)</i> | 22.73 | 10.01 | 9.99 |
| Return on assets (%) <i>(Profit after tax / average assets)</i> | 7.26 | 3.66 | 3.99 |
| Return on invested capital (%) <i>(Operating profit / average equity and net debt)</i> | 2.35 | 4.53 | 4.36 |
| Interest cover (<i>times</i>) <i>(EBITDA / net finance costs)</i> | (10.42) | 3.35 | 2.01 |

Source: Jesmond Mizzi Financial Advisors Limited

The Issuer was incorporated on 24 January 2022 to act as the holding and finance company of the Group. Other than the acquisition of the Guarantors on 22 December 2022, the Issuer did not undertake any business activity during FY2022. Accordingly, the consolidated statement of comprehensive income for FY2022 primarily comprises the performance of the Guarantors between 23 December 2022 and 31 December 2022.

Revenue from property development operations is expected to amount to €14.4 million during the projected period (FY2023 to FY2025), mainly on account of sales to be generated from the Marsascale Development I and Marsascale Development II projects. The said developments are expected to be completed in Q4 2023 and Q2 2024 respectively.

The Hotel is projected to commence operations in Q4 2024 and revenue for the initial period to 31 December 2024 is estimated to amount to €2.0 million. During the first full year of operations (FY2025), the Hotel is expected to generate revenue of €7.1 million from accommodation and food & beverage.

Property rental net operating profit reflects the net income to be generated from short and long lets of existing inventory of apartments. The projected figures are based on current rentals and taking into account an inflationary rate of 2% per annum.

EBITDA in FY2024 and FY2025 is projected to amount to €3.3 million and €4.0 million respectively. However, due to the volatility in timing of property sales, coupled with the Hotel's operations commencing in late FY2024, EBITDA margin is estimated at 27% and 43% in FY2024 and FY2025 respectively. Interest cover for the said financial years is projected at 3.35 times and 2.01 times respectively.

Share of results of associated company primarily represents the 33.3% share of GAP Group profits which is projected to amount to €6.8 million over the three projected financial years. In FY2025, the Group is projecting an investment income of €0.7 million from its 49.99% shareholding in ACMUS Group Ltd.

Projected net profit is expected to be fairly stable on an annual basis and is estimated to amount to €10.0 million (in aggregate).

On completion of the Hotel and commencement of operations thereof in FY2024, the Group anticipates that the fair value of the property will increase by €2.2 million.

Juel Group p.l.c.

Consolidated Statement of Financial Position

as at 31 December

| | 2022 | 2023 | 2024 | 2025 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual | Projection | Projection | Projection |
| | €'000 | €'000 | €'000 | €'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 21,129 | 32,657 | 46,239 | 46,230 |
| Investment property | 10,700 | 10,700 | 10,700 | 10,700 |
| Investment in associate | - | 11,857 | 13,699 | 14,724 |
| | <u>31,829</u> | <u>55,214</u> | <u>70,638</u> | <u>71,654</u> |
| Current assets | | | | |
| Inventory | 6,188 | 8,130 | 4,456 | 5,956 |
| Trade and other receivables | 919 | 140 | 436 | 489 |
| Cash and cash equivalents | 1,164 | 9,026 | 2,508 | 3,582 |
| | <u>8,271</u> | <u>17,296</u> | <u>7,400</u> | <u>10,027</u> |
| Total assets | <u>40,100</u> | <u>72,510</u> | <u>78,038</u> | <u>81,681</u> |
| EQUITY | | | | |
| Capital and reserves | | | | |
| Called up share capital | 10,951 | 20,959 | 20,959 | 20,959 |
| Other equity | - | (18) | (18) | (18) |
| Revaluation reserve | - | - | 2,215 | 2,775 |
| Retained earnings | (17) | 4,089 | 6,842 | 10,027 |
| | <u>10,934</u> | <u>25,030</u> | <u>29,998</u> | <u>33,743</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Bank borrowings | 6,064 | - | 2,000 | 1,850 |
| Debt securities | - | 31,402 | 31,464 | 31,526 |
| Deferred taxation | 856 | 856 | 2,049 | 2,350 |
| | <u>6,920</u> | <u>32,258</u> | <u>35,513</u> | <u>35,726</u> |
| Current liabilities | | | | |
| Bank overdraft and loans | 8,000 | 8,425 | 6,066 | 7,421 |
| Bond advance facility | 9,488 | - | - | - |
| Trade and other payables | 4,758 | 1,173 | 1,818 | 1,917 |
| Capital creditors | - | 5,194 | 3,482 | 1,703 |
| Other current liabilities | - | 430 | 1,161 | 1,171 |
| | <u>22,246</u> | <u>15,222</u> | <u>12,527</u> | <u>12,212</u> |
| | <u>29,166</u> | <u>47,480</u> | <u>48,040</u> | <u>47,938</u> |
| Total equity and liabilities | <u>40,100</u> | <u>72,510</u> | <u>78,038</u> | <u>81,681</u> |

Key Accounting Ratios

| | FY2022 | FY2023 | FY2024 | FY2025 |
|---|---------------|-------------------|-------------------|-------------------|
| | Actual | Projection | Projection | Projection |
| Net debt-to-EBITDA (<i>times</i>) <i>(Net debt / EBITDA)</i> | n/a | 28.71 | 11.26 | 9.32 |
| Net debt-to-equity (<i>times</i>) <i>(Net debt / total equity)</i> | 2.05 | 1.23 | 1.23 | 1.10 |
| Net gearing (%) <i>(Net debt / net debt and total equity)</i> | 67.19 | 55.17 | 55.24 | 52.45 |
| Debt-to-asset (<i>times</i>) <i>(Total debt / total assets)</i> | 0.59 | 0.55 | 0.51 | 0.50 |
| Leverage (<i>times</i>) <i>(Total assets / total equity)</i> | 3.67 | 2.90 | 2.60 | 2.42 |
| Current ratio (<i>times</i>) <i>(Current assets / current liabilities)</i> | 0.37 | 1.14 | 0.59 | 0.82 |

Source: Jesmond Mizzi Financial Advisors Limited

Non-current assets of the Group include the following:

- Property, plant and equipment primarily relates to the Hotel. The projections assume that the Hotel is initially recognised at cost and revalued to €46.0 million upon completion in FY2024.
- Investment property is projected to remain static at €10.7 million and comprises 34 residential units (14 units in Birkirkara, 10 units in Kappara and 10 units in Luqa) which the Group manages for short let or long let purposes.
- Investment is associate represents the 33.3% of voting shares in GAP Group Investments II Limited and the 49.99% shareholding in ACMUS Group Ltd.

Current assets mainly comprise inventory and cash balances. Inventory predominantly relates to property development units at cost.

The Group's equity is projected to amount to €25.0 million as at 31 December 2023 and increase to €33.7 million by 31 December 2025 (+€8.7 million). The increase of €8.7 million is on account of uplifts in the carrying value of the Hotel and accumulated profits assumed to be generated in the projected period.

As at 31 December 2023, total liabilities of the Group shall mainly comprise the proposed €32 million bond issue, and bank loans and capital creditors totalling €13.6 million.

The net gearing of the Group is expected to reach 55% in FY2023 in consequence of an increase in borrowings utilised for the purposes of developing residential units and the Hotel, which should improve to 52% by FY2025.

Juel Group p.l.c.
Consolidated Cash Flow Statement
for the year ending 31 December

| | 2022 | 2023 | 2024 | 2025 |
|--|--------------|----------------|----------------|--------------|
| | Actual | Projection | Projection | Projection |
| <i>11 months</i> | | | | |
| | €'000 | €'000 | €'000 | €'000 |
| Net cash from / (used in) operating activities | (99) | (519) | 7,009 | 2,696 |
| Net cash from / (used in) investing activities | 1,260 | (7,168) | (11,192) | (793) |
| Net cash from / (used in) financing activities | 3 | 15,549 | (2,335) | (829) |
| Net movement in cash and cash equivalents | 1,164 | 7,862 | (6,518) | 1,074 |
| Cash and cash equivalents at beginning of year | - | 1,164 | 9,026 | 2,508 |
| Cash and cash equivalents at end of year | 1,164 | 9,026 | 2,508 | 3,582 |
| Free cash flow¹ | 1,161 | (7,687) | (4,183) | 1,903 |

¹Free cash flow is arrived at by deducting capital expenditure from cash generated from operating activities.

Operating activities in FY2023 is expected to result in a net cash outflow of €0.5 million on account of an adverse movement in working capital relating to property development works-in-progress. Net cash from operating activities in FY2024 is expected to amount to €7.0 million, principally reflecting net cash inflows to be generated from property sales (being Marsascala Development I and Marsascala Development II) and to a lesser extent the initial 3 months of operation of the Hotel. In the subsequent year (FY2025), net cash inflows from operating activities are projected at €2.7 million mainly reflective of the first full year of operation of the Hotel.

During the three projected years, net cash used in investing activities is estimated to amount to €19.1 million. Cash outflows relating to the development of the Hotel are expected to amount to €19.8 million, while the Group is projecting to receive net dividends from ACMUS Group Ltd of €0.7 million.

In FY2023, net cash from financing activities is projected to amount to €15.5 million and shall principally comprise net proceeds from the proposed bond issue, partly offset by repayment of bank loans. Financing activities in FY2024 and FY2025 are expected to principally include bank loan repayments and interest payments.

8. RELATED PARTY DEBT SECURITIES

The Issuer owns 33.3% of the Ordinary A shares in GAP Group Investments II Ltd, which is the 99.99% shareholder of the GAP Group. Below is a list of outstanding debt securities listed on the Malta Stock Exchange of the GAP Group as at the date of this report.

| Security ISIN | Security Name | Amount Listed (€'000) |
|---------------|---|--------------------------|
| MT0001231209 | 4.25% GAP Group plc Secured Bonds 2023 | 8,349,900 |
| MT0001231225 | 3.70% GAP Group plc Secured Bonds 2023-2025 | 16,617,900 |
| MT0001231233 | 3.90% GAP Group plc Secured Bonds 2024-2026 | 21,000,000 |
| MT0001231241 | 4.75% GAP Group plc Secured Bonds 2025-2027 | 23,000,000 |
| | | 68,967,800 |

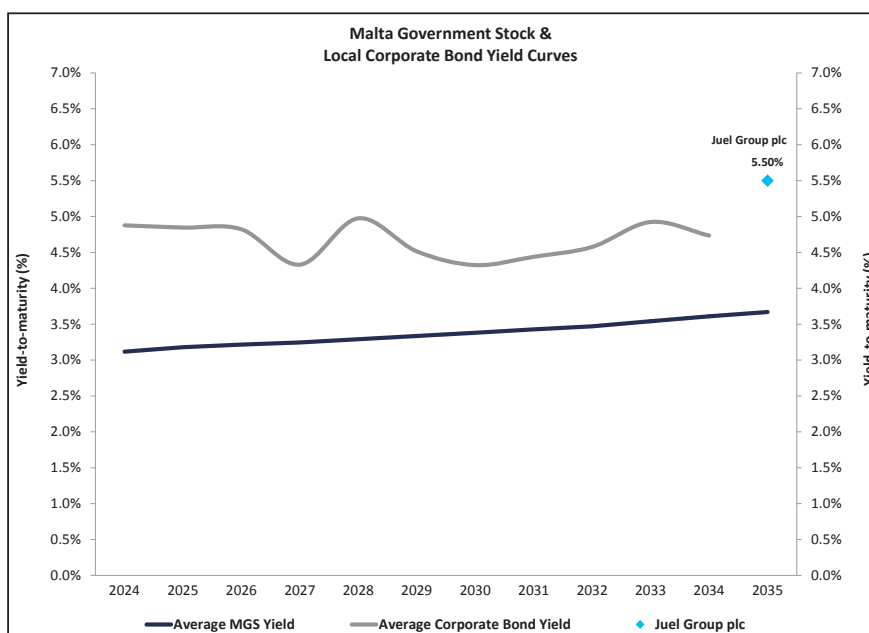
PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Issuer and its Bond Issue with other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are a number of variances between the activities of the Issuer and other issuers (including principal markets, competition, corporate life cycle, capital requirements, etc), and also differences between the risks associated with the Group's business model and that of other issuers, the comparative analysis serves as an indication of the financial performance and strength of the Group.

| Comparative Analysis* | Amount Issued (€'000) | Yield-to-Maturity (%) | Interest Cover (times) | Net Debt-to-EBITDA (times) | Net Gearing (%) | Debt-to-Assets (times) |
|---|--------------------------|--------------------------|---------------------------|-------------------------------|--------------------|---------------------------|
| 6.00% AX Investments plc Unsecured & Guaranteed 2024 | 40,000 | 7.21 | 1.75 | 14.74 | 30.01 | 0.28 |
| 6.00% International Hotel Investments plc Unsecured 2024 | 35,000 | 4.96 | 1.87 | 11.42 | 41.92 | 0.40 |
| 5.75% International Hotel Investments plc Unsecured 2025 | 45,000 | 4.68 | 1.87 | 11.42 | 41.92 | 0.40 |
| 4.25% CPHCL Finance plc Unsecured & Guaranteed 2026 | 40,000 | 4.28 | 1.66 | 12.42 | 42.46 | 0.40 |
| 4.00% International Hotel Investments plc Secured 2026 | 55,000 | 3.83 | 1.87 | 11.42 | 41.92 | 0.40 |
| 4.00% International Hotel Investments plc Unsecured 2026 | 60,000 | 4.18 | 1.87 | 11.42 | 41.92 | 0.40 |
| 3.25% AX Group plc Unsecured 2026 | 15,000 | 3.85 | 1.75 | 14.74 | 30.01 | 0.28 |
| 4.35% SD Finance plc Unsecured & Guaranteed 2027 | 65,000 | 4.36 | 4.60 | 2.66 | 27.22 | 0.27 |
| 4.00% Eden Finance plc Unsecured & Guaranteed 2027 | 40,000 | 4.55 | 4.24 | 5.37 | 25.33 | 0.23 |
| 4.00% Stivala Group Finance plc Secured & Guaranteed 2027 | 45,000 | 3.75 | 4.84 | 5.58 | 28.97 | 0.26 |
| 3.65% Stivala Group Finance plc Secured & Guaranteed 2029 | 15,000 | 4.59 | 4.84 | 5.58 | 28.97 | 0.26 |
| 3.75% AX Group plc Unsecured 2029 | 10,000 | 4.14 | 1.75 | 14.74 | 30.01 | 0.28 |
| 3.65% International Hotel Investments plc Unsecured 2031 | 80,000 | 4.69 | 1.87 | 11.42 | 41.92 | 0.40 |
| 4.50% The Ona plc Secured & Guaranteed 2028/2034 | 16,000 | 4.73 | 32.26 | 9.77 | 64.11 | 0.59 |
| 5.50% Juel Group plc € Secured 2035 | 32,000 | 5.50 | 4.04 | 9.25 | 55.29 | 0.51 |

*As at 08 May 2023

Sources: Malta Stock Exchange
Jesmond Mizzi Financial Advisors Limited
Most recent audited annual financial statements except for Juel Group plc (FY2024 - projection).



To date, there are no corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has been included as it is widely considered to be the benchmark risk-free rate for Malta.

The **5.50% Juel Group plc secured and guaranteed bonds** have been priced at a premium of 183 basis points over the corresponding average Malta Government Stock yield.

PART 4 – EXPLANATORY DEFINITIONS

INCOME STATEMENT

| | |
|-------------------------|--|
| Revenue | Total income generated from business activities. |
| EBITDA | Earnings before interest, taxes, depreciation, and amortisation. It is a metric used for gauging a company's operating performance, excluding the impact of its capital structure, and is usually interpreted as a loose proxy for operating cash flow generation. |
| Operating profit | Profit from core operations excluding interest and tax. |
| Profit after tax | Net profit generated from all business activities. |

PROFITABILITY RATIOS

| | |
|-----------------------------------|--|
| EBITDA margin | EBITDA as a percentage of revenue. |
| Operating profit margin | Operating profit as a percentage of total revenue. |
| GOPAR | Gross operating profit per available room is a hospitality industry metric that measures the operating profitability of a hotel. It is calculated by dividing a hotel's gross operating profit by the total number of available rooms, and usually serves as a measure for comparing a hotel's performance with other properties within the same category or market. |
| Net profit margin | Profit after tax as a percentage of total revenue. |
| Return on equity | Measures the rate of return on the company's net assets and is computed by dividing the net profit by average equity. |
| Return on assets | Measures the rate of return on the company's assets and is computed by dividing the net profit by average assets. |
| Return on invested capital | Measures the rate of return from core operations and is computed by dividing operating profit by the average amount of equity and net debt. |

CASH FLOW STATEMENT

| | |
|--|--|
| Net cash flow from / (used in) operating activities | The amount of cash generated (or consumed) from the normal conduct of business. |
| Cash flow from / (used in) investing activities | The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments. |
| Cash flow from / (used in) financing activities | The amount of cash generated (or consumed) that have an impact on the company's capital structure and thus result in changes to share capital and borrowings. |

BALANCE SHEET

| | |
|--------------------------------|---|
| Non-current assets | These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company amortises the cost of the asset over the number of years for which the asset will be in use instead of allocating the entire cost to the accounting year in which the asset was acquired. |
| Current assets | All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances. |
| Non-current liabilities | These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities. |
| Current liabilities | Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt. |
| Total equity | Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings. |

Financial Strength/Credit Ratios

| | |
|---------------------------|--|
| Interest cover | Measures the extent of how many times a company can pay its net finance costs from EBITDA. |
| Net debt-to-EBITDA | Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant. |
| Net debt-to-equity | Shows the proportion of net debt (including lease liabilities) to the amount of equity. |
| Net gearing | Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity. |
| Debt-to-asset | Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets. |
| Leverage | Shows how much equity a company is using to finance its assets. |
| Current ratio | Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets. |
