

**FINCO TREASURY MANAGEMENT LIMITED**

The Bastions, Office No.2, Emvin Cremona Street, Floriana FRN1281, Malta

Tel: (+356) 21220002 Fax: (+356) 21243280

Website: www.fincotrust.com E-Mail: investments@fincotrust.com

A Limited Liability Company registered in Malta on 9th November 1994, Registration No. C17017

JD Capital Plc - Secured 6.00% 2033**Salient Details & Time Table**

Offeror & Issuer	JD Capital P.l.c.
Currency	Euro
Issue Size	€ 11,000,000
Offer Price	100% at par
Coupon	6.00% per annum
Status & Security	The Bonds, as part of the Secured Bonds Issuance Programme, shall constitute the secured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves, but they shall rank with priority or preference over all unsecured indebtedness of the Issuer, if any.
Maturity Date	19 th July 2033
Listing	Official List, Malta Stock Exchange.
Interest Payment Dates	19 th July annually
Offer Period	From 18 th June 2023 to 7 th July 2023
Minimum Applications accepted by Finco	€ 2,000 (nominal) and in multiples of € 1,000 thereafter

JD Capital P.L.C.

The Dimech family, namely Mr Josef Dimech and his father Mr Joe Dimech, has been in the business of aluminium, steel, and stainless-steel works for the past 40 years, having established the business in 1979.

After learning the trade first-hand in the Msida wrought iron works garage of his father, Mr Josef Dimech, took on the challenge of developing what was his mere pastime into a business and career in itself, with Mr Josef Dimech quickly expanding the family's business through a steadily growing portfolio of business and industrial clientele.

Over the years, the Dimech family consolidated its position in the steel and aluminium works industries, with a critical milestone being reached as early as 2004, when Mr Josef Dimech took over the reins of the family business and established JSDimech Limited in 2004.



The next watershed moment came in the very same year, with JSD moving its operations from its founding premises in Msida to larger premises in Birkirkara.

The second critical juncture in the growth and development of JSD came in 2009, with the company moving its operations to state-of-the-art manufacturing plant in Hal Far, offering wrought iron, steel, stainless steel, aluminium apertures, large format glass works and the installation of automatic sliding, hinged and revolving door systems.

The production area at the manufacturing facilities is equipped with the latest computer numeric control machinery, spray booths and a variety of other equipment to ensure that products are made to the highest industry standards. Moreover, beyond catering for production facilities for both residential and commercial aluminium and steel related projects, the manufacturing facilities also feature a spray booth facility, vehicle servicing and repair garage, an onsite tower crane, fuel pump station, a dedicated substation, indoor and outdoor storage facilities, as well as an administration centre covering over circa 500m², together with meeting rooms and ancillary facilities.

The Hal Far Factory enabled the JSD operational set-up to be organised in such a way as to enhance cost- effectiveness, benefit from economies of scale, and ultimately, in combination with a team of circa 100 highly skilled employees and fleet of over 60 delivery trucks and heavy lifting equipment, provide its clientele with a high-quality product and service offering.

The Hal Far Factory is situated over a site measuring circa 16,245 m² (divided into a built-up area of 5,308m² and a surrounding un-built area of 10,937 m²), at the Hal Far Industrial Estate, Birżebbuġa. The Hal Far Factory consists of a series of structures covering: stainless steel and aluminium manufacturing area (2,114m²); steel section manufacturing area (790m²); alucabond section (292m²); spray painting block (890m²); glass section (486m²); and administration block (236.9m²).

The Hal Far Factory was originally granted by INDIS (at the time, Malta Industrial Parks Limited, a private limited liability company, wholly owned by the Ministry of Finance (Government of Malta), responsible for the administration of government-owned industrial estates and related facilities around Malta and Gozo, and for supporting and promoting the further development of such properties) into JSDimech Limited under title of lease by virtue of a series of lease agreements dated 11th December 2011 and 24th May 2013 respectively, following a period of two years (as from 22nd May 2009) in which such company occupied the premises on an encroachment basis. Subsequently, on 6th March 2018, the lease agreement was substituted in its entirety by a deed of 65-year temporary emphyteusis by virtue of which the Hal Far Site and the buildings making up the Hal Far Factory were granted to JD Operations Limited for industrial use purposes, against payment of an annual ground rent, revisable by 5% every five years.



A few of many Completed Projects:

- Mgarr Sea Passenger Terminal
- Joinwell Flagship Department Store
- TG Complex (Deloitte Malta)
- The Atrium home store
- Pender Gardens
- Barrakka Lift
- RS2 Software
- MCAST Campus
- Fort Cambridge
- Smart City (phase)
- Midi Tigne Point
- Intercontinental Hotel
- Bay Street Hotel
- Hugo Boutique Hotel
- Central bank of Malta
- Waterfront Hotel
- Malta Aquarium Centre
- KPMG Head Office
- Fimbank Head Office
- The Quad Towers – (Still ongoing)

Purpose of the Issue and Use of Proceeds:
--

Utilisation of proceeds raised from Tranche 2 Bonds

The Company will issue the Tranche 2 Bonds as secured bonds of an aggregate principal amount of a minimum of € 7,000,000 and a maximum of up to € 11,000,000, redeemable at their nominal value on the Redemption Date as further described in the applicable Final Terms. In this respect, depending on the amount ultimately issued, the following scenarios may arise:

- a. the amount of € 7,000,000 will be loaned by the Issuer to JD Operations Ltd, pursuant to the terms of an extension to the JD Capital - JDO Loan, for the purpose of the Hal Far Phase 2 Financing; and
- b. within 12 months from date of approval of this Base Prospectus and the decision to proceed with the development of the Birkirkara Office Complex, the amount of € 4,000,000 will be loaned by the Issuer to JD Birkirkara Limited for the purposes of financing such development of the Birkirkara Office Complex.



Security

The Bonds that may be issued by the Issuer from time to time in tranches pursuant to the Secured Bonds Issuance Programme shall be secured by, and Bondholders shall have the benefit of, the following security:

- i. the first ranking special hypothec granted by JD Operations Limited over the utile dominium held by it over the Hal Far Site, together with any and all constructions and other buildings developed thereon, pursuant to a deed of hypothec in the records of Notary Dr Vanessa Poole (the “Hal Far Collateral”);
- ii. admission to trading of the Bonds on the Official List of the Malta Stock Exchange;
- iii. the Birkirkara Property will be hypothecated in favour of the Security Trustee (either in part, prior to the Cancellation, or in full, following the Cancellation);
- iv. the Hal Far Site will at no point in time secure the repayment of the uses of proceeds relating to the Bond Programme Expenses and, or the Birkirkara Office Complex Financing, amounting in aggregate to up to Euro 4.4 million;
- v. the Issuer will build the Collateral Account as from the financial year ending 31st December 2028, the value of which will, by no later than three months prior to the redemption of the Bonds, amount to € 5.0 million; and
- vi. in the event of default by the Issuer, recourse to the Hal Far Site shall only be required to the extent of the difference between the value of the Bonds outstanding as at the date of default, and the aggregate sum of:
 - a. the Collateral Account as at the date of default; and
 - b. the amount recovered through the said enforcement of the security over the Birkirkara Property;
- vii. the second ranking special hypothec granted by JD Birkirkara Limited over the Birkirkara Site and any and all constructions and other buildings developed thereon, subject to a maximum of € 7.0 million, pursuant to a deed of hypothec to be made in the records of Notary Dr Vanessa Poole (the “Birkirkara Collateral”), provided that, following the cancellation of an existing first ranking special hypothec over the Birkirkara Site up to an amount of € 2.5 million granted by JD Birkirkara Limited to Bank of Valletta p.l.c. as security for a loan granted to JS Dimech Limited in May 2022 (the “Cancellation”), which Cancellation shall be effected following the repayment of an outstanding balance of € 2.5 million due by JSDimech Limited to Bank of Valletta p.l.c. by no later than the Redemption Date of the Tranche 1 Bonds, the special hypothec granted in terms of the Birkirkara Collateral shall be converted into a first ranking special hypothec over the Birkirkara Site and any and all constructions and other buildings developed thereon, for the full value of the Bond Issue, plus one year interest thereon. Such first ranking special hypothec shall be granted in favour of the Security Trustee for the benefit of Bondholders from time to time



registered in the register of Bondholders maintained by the CSD. Accordingly, until the Cancellation, the Birkirkara Collateral shall secure an amount equivalent to the difference between:

- (a) the aggregate value of the Birkirkara Site and any buildings constructed thereon
- (b) the amount of up to € 2.5 million due by JSDimech Limited to Bank of Valletta p.l.c., subject to a maximum of € 7.0 million.

Following the Cancellation, the converted first ranking special hypothec shall be increased to the full value of the Bond Issue, plus one year interest thereon;

viii. the Collateral Account

- ix. should the issue of the Tranche 2 Bonds be in terms of Scenario 2, the Bond proceeds allocated for the Birkirkara Office Complex Financing (up to a maximum of € 4.0 million) until such time as the Security Trustee is presented with invoices confirming the works being undertaken at the Birkirkara Site; and

- x. the Insurance Pledge Agreement.

Group's Statement of Comprehensive Income

Statement of Comprehensive Income for the year ended 31 December	2020A	2021A	2022A	2023F	2024P
	€'000s	€'000s	€'000s	€'000s	€'000s
Revenue	15,145	16,268	11,832	14,200	15,270
Cost of sales	(12,105)	(13,637)	(9,768)	(11,208)	(11,506)
Gross profit	3,040	2,631	2,064	2,992	3,764
Selling and distribution	(111)	(151)	(141)	(151)	(154)
Administrative expenses	(741)	(776)	(995)	(878)	(894)
Other income	5	294	213	-	-
EBITDA	2,193	1,998	1,141	1,963	2,716
Depreciation and amortisation	(798)	(842)	(955)	(726)	(776)
EBIT	1,395	1,156	186	1,237	1,940
Revaluation of investment property	-	-	971	-	-
Finance cost	(525)	(584)	(724)	(1,247)	(1,275)
Finance income	241	206	42	77	80
Other losses	(90)	(12)	(2)	-	-
Impairment of financial assets	(200)	(297)	(56)	-	-
Profit / (loss) before tax	821	469	417	67	745
Taxation charge	(412)	(309)	(199)	(98)	(294)
Profit / (loss) for the year	409	160	218	(31)	451

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
<i>Profitability</i>					
Growth in Revenue (YoY Revenue Growth)	33.7%	7.4%	-27.3%	20.0%	7.5%
Gross Profit Margin (Gross Profit/ Revenue)	20.1%	16.2%	17.5%	21.1%	24.6%
EBITDA Margin (EBITDA / Revenue)	14.5%	12.3%	9.6%	13.8%	17.8%
Operating (EBIT) Margin (EBIT / Revenue)	9.2%	7.1%	1.6%	8.7%	12.7%
Net Margin (Profit for the year / Revenue)	2.7%	1.0%	1.8%	-0.2%	3.0%
Return on Common Equity (Net Income / Average Equity)	4.7%	1.3%	1.3%	-0.2%	2.2%
Return on Assets (Net Income / Average Assets)	1.3%	0.4%	0.4%	0.0%	0.6%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	8.7%	6.0%	2.7%	3.5%	4.4%
EBITDA Growth	7.4%	-8.9%	-42.9%	72.0%	38.4%



Ratio Analysis	2020A	2021A	2022A	2023F	2024P
<i>Financial Strength</i>					
Gearing 1 (Net Debt / Net Debt and Total Equity)	61.6%	46.1%	57.5%	67.2%	59.1%
Gearing 2 (Total Liabilities / Total Assets)	74.2%	64.9%	70.8%	76.0%	67.0%
Gearing 3 (Net Debt / Total Equity)	160.26%	85.41%	135.30%	204.46%	144.49%
Net Debt / EBITDA	6.3x	7.1x	19.9x	17.4x	12.6x
Current Ratio (Current Assets / Current Liabilities)	0.9x	1.2x	1.7x	1.5x	0.9x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.8x	1.1x	1.6x	1.4x	0.8x
Interest Coverage 1 (EBITDA / Cash interest paid)	4.2x	4.9x	1.8x	1.5x	1.8x
Interest Coverage 1 (EBITDA / Finance Costs)	4.2x	3.4x	1.6x	1.6x	2.1x

Statement of Financial Position as at 31 December	2020A	2021A	2022A	2023F	2024P
	€'000s	€'000s	€'000s	€'000s	€'000s
Assets					
Non-current assets					
Property, plant and equipment	15,039	23,627	22,812	30,617	36,464
Investment property	4,522	4,523	5,494	13,021	21,252
Intangible assets	225	224	224	224	224
Financial assets at amortised cost	5,925	1,619	1,664	1,789	1,869
Trade and other receivables	-	1,085	2,313	2,313	2,313
Deferred tax asset	5	-	-	-	-
Total non-current assets	25,716	31,078	32,507	47,964	62,122
Current assets					
Financial assets at amortised cost	1,789	3,151	5,394	458	458
Inventory	1,375	1,529	1,364	1,364	1,364
Contract assets	1,984	4,514	6,517	3,517	3,517
Trade and other receivables	2,385	6,647	10,813	14,506	1,487
Cash and cash equivalents	11	361	891	2,079	1,783
Total current assets	7,544	16,202	24,979	21,924	8,609
Total assets	33,260	47,280	57,486	69,888	70,731
Equity					
Share capital	245	7,547	7,547	7,547	7,547
Other equity	7,302	-	-	-	-
Revaluation reserve	-	7,857	7,857	7,857	14,315
Retained earnings	1,024	1,183	1,401	1,344	1,793
Total equity	8,571	16,587	16,805	16,748	23,655

Liabilities					
Non-current liabilities					
Borrowings	8,167	7,398	17,050	31,250	29,819
Lease liabilities	3,528	3,492	3,447	3,239	3,190
Trade and other payables	3,810	3,899	3,564	1,650	2,600
Deferred tax liabilities	360	1,593	1,638	1,638	2,778
Non-current tax liabilities	661	508	459	2,565	-
Total non-current liabilities	16,526	16,890	26,158	40,342	38,387
Current liabilities					
Borrowings	2,018	3,602	3,086	1,616	1,738
Lease liabilities	34	36	45	217	222
Contract liabilities	696	2,212	2,890	2,890	2,890
Current tax liabilities	556	1,080	1,072	1,380	1,254
Trade and other payables	4,859	6,873	7,430	6,695	2,585
Total current liabilities	8,163	13,803	14,523	12,798	8,689
Total liabilities	24,689	30,693	40,681	53,140	47,076
Total equity and liabilities	33,260	47,280	57,486	69,888	70,731



Our Comments

Pros:

1. Secured by valuable immovable property
2. Relatively high coupon.
3. Not insignificant Shareholders' Funds at € 16 million, albeit 50% thereof as a result of a revaluation reserve of immovables

Cons:

1. Complicated security structure that is difficult to understand.
2. Relatively High Gearing at 67%.
3. Low profitability
4. Low EBITDA although as per Projections this should improve
4. Rather low Interest cover is adequate at 1.6 times.

Subject to the consideration of the circumstances of each Investor, given the not insignificant financial risks, Finco Recommends exposure to this bond provided overall exposure does not exceed 7.5 % of the overall portfolio and not more than € 15k to € 20k, whichever is the lower.

Time Table & Application Procedures

Offer Period	18 June 2023 - 07 th July 2023
Announcement of basis of acceptance	12 th July 2023
Refund of unallocated monies, if any	19 th July 2023
Dispatch of allotment letters	19 th July 2023
Commencement of interest	19 th July 2023
Expected date of admission of the Bonds to listing	19 th July 2023
Issue date of the Bonds	19 th July 2023
Expected date of commencement of trading in the Bonds	20 th July 2023

We expect a popular demand for these bonds than that available by FTM by virtue of its private placement. In the event of such over subscriptions FTM will allocate bonds on a first come first served basis.

Clients interested in applying for the bonds are kindly requested to contact our office as soon as possible.

Availability of Prospectus

The Prospectus issued by Issuer is available at our offices for whoever is interested to have one. In this respect, anyone interested may call at our offices to collect a copy.



This mail circular or web site announcement is a general communication addressed to a wide audience, including all clients of Finco. It is not a personalised communication and therefore does not take into account the specific circumstances of a particular client and it does not constitute advice.

This document has been prepared by Ivan Grech, Director, Finco Treasury Management Ltd, based on the prospectus dated 3rd October 2022 (first & second tranche) and is intended solely for distribution to its clients.

Although every effort has been made to ensure the reliability, accuracy and completeness of this information, users should be aware that some of the contents have been obtained from external sources and, consequently, Finco Treasury Management Limited assumes no responsibility arising from any reliance placed upon such information by any user.

Users are advised that this document does not constitute an offer or solicitation and is not intended to provide the sole basis for any evaluation of the securities or any other instrument that may be indicated herein. Investors should consider all risk factors listed in the prospectus which is available from our offices.