

**FINCO TREASURY MANAGEMENT LIMITED**

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

Malta Properties Company P.l.c. 4.00% Secured Bond 2032**Salient Details & Time Table**

Offeror & Issuer	Malta Properties Company Plc
Currency	Euro
Security	Secured by Property
Offer Price	100% at par
Coupon	4.00% per annum
Security	<p>The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer secured by the Security Providers, and shall at all times rank pari passu, without any priority or preference, among themselves. The Bond Obligations shall be secured by the Security Interest. Third party security interests may be registered by the Issuer which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.</p> <p>Bondholders should note that the privileges and hypothecary rights in favour of Bank of Valletta p.l.c., which make up the BOV Security, will remain in place following the Bond Issue.</p> <p>Therefore, in an event of the Issuer's insolvency:</p> <ul style="list-style-type: none">a. BOV will rank prior to the Bondholders with respect to the Issuer's assets up to the amount of €6,500,000;b. the Bondholders will have first ranking special hypothecs over the Security Interest provided by the Security Providers in preference to the ranking of any unsecured and secured creditors of the respective Security Provider/s (save for any prior ranking privileges or security which arise by operation of law); andc. all unsecured creditors (including the Bondholders) will rank pari passu with respect to the remainder of the Issuer's assets.
Maturity Date	30 th June 2032
Size	€25,000,000
Listing	Official List, Malta Stock Exchange.
Interest Payment Dates	30 th June annually
Minimum Applications	€5,000 (nominal) and in multiples of €100 thereafter



Business Overview

The main activities of the Company and the Group consist of the acquisition and development of immovable property. The company specialises in the acquisition and letting of premium office space.

Portfolio of Properties:

	Property Valuation 17 May 2022
	€'000
<i>Properties utilised by GO for its operations:</i>	
GO Head Office	13,850
Mosta Exchange	4,925
Naxxar Radio Link	2,400
Rabat (Malta) Exchange	1,300
Victoria (Gozo) Retail	1,040
St Paul's Bay – New Exchange	1,150
Sliema – New Exchange	900
Birkirkara – New Exchange	1,650
Marsa – New Exchange	665
<i>Property leased to third parties:</i>	
Birkirkara – Epic Technical Facility	2,930
Floriana - The Bastions	6,650
Swatar - HSBC Contact Centre	11,650
Ta' Xbiex - MIB Building	9,390
<i>Property currently being developed/renovated:</i>	
Zejtun Exchange	17,950
Marsa Spencer Hill	6,400
<i>Properties identified for disposal:</i>	
Birkirkara Exchange ¹	8,000
Overall valuation of Properties	90,850

Use of Proceeds:

The proceeds from the issue of Bonds under these Final Terms shall be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- the amount of circa €21,000,000 will be used to repay HSBC Borrowings in full,
- the amount of circa €2,000,000 will be used to pay for the remaining capital expenditure on the Zejtun Development; and
- the amount of circa €2,000,000 will be used for general corporate funding.



Ratio Analysis

	2019 (A)	2020 (A)	2021 (A)	2022 (F)
Operating Profit (EBIT) margin (Operating Profit (EBIT) / Revenue)	62.6%	62.7%	58.1%	60.7%
Interest Coverage ratio (EBITDA / Net finance costs)	4.2x	3.9x	3.0x	2.6x
Gearing Ratio (Net debt / [Net Debt + Total Equity])	20.7%	30.0%	20.8%	27.2%
Gearing Ratio (2) [Total debt / (Total Debt plus Total Equity)]	27.9%	33.5%	32.0%	38.9%
Net Debt to EBIDTA (Net Debt / EBIDTA)	6.5x	11.1x	7.1x	7.7x

Time Table

1. Placement Date	17 June 2022
2. Commencement of interest	30 June 2022
3. Issue date of the Bonds	30 June 2022
4. Expected date of admission of the Bonds to listing	7 July 2022
5. Expected date of commencement of trading in the Bonds	8 July 2022



Statement of Financial Position

	2019 (A) €000s	2020 (A) €000s	2021 (A) €000s	2022 (F) €000s
ASSETS				
Non-current Assets				
Property, plant & equipment	837	902	895	906
Investment property	75,741	75,572	71,357	87,074
Capitalised bond issue costs	-	-	-	475
Trade & other receivables	158	175	201	141
Total Non-current Assets	76,736	76,649	72,453	88,596
Current Assets				
Trade & other receivables	83	181	1,250	288
Current tax assets	19	21	9	9
Deposits	609	609	271	-
Cash & equivalents	6,725	4,065	11,868	15,098
	7,435	4,875	13,398	15,394
Assets classified as held for sale	-	12,575	6,962	-
Total Current Assets	7,435	17,450	20,360	15,394
Total Assets	84,172	94,099	92,812	103,990
EQUITY & LIABILITIES				
Capital & Reserves				
Share capital	32,419	32,419	32,419	32,419
Other reserves	249	250	251	251
Retained earnings	20,651	22,618	24,048	24,657
Total Equity	53,319	55,286	56,717	57,327
LIABILITIES				
Non-current Liabilities				
Bond Issue	-	-	-	25,000
Borrowings	19,802	10,215	21,277	10,635
Deferred tax liability	7,654	8,457	7,461	8,217
Trade & other payables	174	102	123	160
Total Non-current Liabilities	27,630	18,774	28,861	44,012
Current Liabilities				
Borrowings	825	17,577	5,469	866
Trade & other payables	2,252	2,282	1,639	1,476
Current tax liability	145	179	125	310
Total Current Liabilities	3,223	20,039	7,234	2,652
Total Liabilities	30,852	38,813	36,095	46,664
Total Equity & Liabilities	84,172	94,099	92,812	103,990



Our Comments

This is a good investment opportunity.

This is a Secured Bond with an attractive coupon rate of 4.00%.

Malta Properties Company PLC is a first- time borrower to the market, whose business revenue is derived from office property rental. The balance sheet is strong with ample own shareholders' funds, very good gearing (both before as well as after the issue of the proposed bond). On top of this, there is a good EBITDA income stream and the bond is Secured with an already existing immovable security with good margin of safety.

EBITDA is projected to reach €2.785 million.

Gearing stands at a low level of 27.2%

Interest Cover as at 2022 stands at 2.6 times is also good whilst and all other ratios should give prospective investors' confidence in this company.

It is expected that this bond will be over-subscribed. Finco has entered into a Pre-Placement Agreement with the Issuer, a large part of which is already sold. Due to overwhelming demand, amount placed for investment in this bond cannot be guaranteed allocation. Orders are satisfied on a first come first served basis. It is recommended to inform Finco telephonically immediately, on Tel: 21220002, should you have interest to invest, as this issue will close on 17th June 2022.

General Recommendation: Subject to the consideration of the circumstances of each Investor, Finco issues a BUY recommendation to clients to this bond, provided always that the holding is part of an overall well diversified portfolio.

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Availability of Prospectus

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

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