

**FINCO TREASURY MANAGEMENT LIMITED**

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

United Finance P.L.C – 6.00% 2029
Guaranteed by parent co United Group Limited**Salient Details & Time Table**

Offeror & Issuer	United Finance Plc
Guarantor	United Group Limited
Currency	Euro
Issue Size	€10 million to be sold in tranches Current 2 nd tranche - €2.8 million
Offer Price	100% at par
Coupon	6.00% per annum
Status & Security	The Global Notes, irrespective of the tranche, constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be jointly and severally guaranteed in respect of both the interest due and the principal amount under said Notes by the Guarantor. The Global Notes shall, at all times, rank pari passu, without any priority or preference among themselves and save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer. This means that any secured or privileged debts of the Issuer shall rank at all times ahead of their obligations under the Note Issuance Programme. Furthermore, third party security interests may be registered in future which will rank in priority to the Global Notes against the assets of the Issuer and, or the Guarantor for so long as such security interests remain in effect.
Maturity Date	15 th September 2029
Listing	This Bond is NOT listed on The Malta Stock Exchange or any other organised market
Interest Payment Dates	15 th September annually
Offer Period	From 1 st September 2023 to 15 th September 2023
Minimum Applications accepted by Finco	€10,000 (nominal) and in multiples of €1000 thereafter Max €100,000 subject to Suitability or Appropriateness Test as necessary



United Group Ltd

The United Group was established in 1926 as a family-owned business in Malta, when Carmelo Gatt Baldacchino set up a small transportation company in Malta engaged in the field of bus and chauffeur-driven services. On the demise of Carmelo Gatt Baldacchino, his son, Charles Gatt Baldacchino, took over the business. With the rapid growth of the tourism industry in Malta in the 1960's, Charles Gatt Baldacchino, diversified business activities of the Group by establishing operations in destination management services, including leisure and excursion services for leading international tour operators. With the continued growth of the tourism industry in Malta and the lack of proper transportation facilities and infrastructure to handle such growth, Charles Gatt Baldacchino ventured into car rental services. In 1961, the Group was granted the Hertz franchise for Malta, a franchise still held today. In 1982, the Group expanded its operations and acquired the franchise of a European car manufacturer and ventured into the motor vehicle dealership operations. In 2011, United Automobile Limited (a former member of the Group) merged its motor vehicle dealership business with the business of Easysell Kia (Malta) Limited via a new entity, Cars International Limited, owned in equal portions by the United Group and the Tumas Group, and thereafter, in 2016, further merged its activities with that of Pater Group via the creation of a new entity, Motors Inc. Limited. The Group today retains a 33.33% equity holding in Motors Inc. Limited which operates a multi-brand dealership for KIA, Alfa, Jeep, Fiat, Iveco, and Hyundai. The aforesaid merging of business interests has resulted in a more cost-effective and efficient operational structure, which has in turn enhanced customer service within the Group's motor vehicle business. In 2005, the Group ventured into the fashion retail business and operated a department store under franchise for the then well renowned 'Debenhams' brand. The Group also operated a number of outlets for other well-renowned fashion brands. In April 2020, Debenhams (UK) announced that they had entered administration and, in May 2021, announced that they will be closing shop. The winding up of the UK company resulted in the withdrawal of the franchise internationally. Although the Debenhams stores in Malta had been operated independently from the UK under a franchise agreement, operations were nonetheless intrinsically tied to the UK company for the granting of the franchise as well as the supply of merchandise. As a consequence of the closure of Debenhams UK, in June 2021 the United Group ceased its fashion retail operations, save for its operation of one M.A.C. Cosmetics outlet.

The Group has been active in the real estate sector since the 1980's. In 1992, the Group acquired a prominent site in Ta' Xbiex for the purpose of developing a motor vehicle showroom, and thereafter proceeded to develop the airspace and transform the building into a business centre, known as 'GB Buildings'. In 2005, the Group was active in leading a group of investors to join forces in the acquisition and development of the Pender Place site and the Mercury House site in St Julian's, Malta. Penderville Limited was set up in July 2005 for such purpose, with the United Group retaining an investment of 19.23% equity interest. Moreover, in 2017, the Group acquired a site in Qormi adjacent to the Mriehel bypass and developed said site into a state-of-the-art business centre, known as 'Pinto Business Centre'.



Purpose of the Issue and Use of Proceeds:

The Issuer will use the net proceeds from the Offer as follows:

- (i) the amount of *circa* €2,100,000 will be used to finance the repayment of the outstanding principal and interest under an existing bank overdraft facility granted by a local credit institution to UGL for the purpose of working capital requirements in connection with the operation of property held by the United Group; and
- (ii) the amount of *circa* €660,000 will be used by the Issuer for the general corporate funding purposes of the United Group.

United Group Limited – Consolidated Statement of Comprehensive Income

United Group Limited Statement of Comprehensive Income for the financial year 31 December	2020 Actual €'000	2021 Actual €'000	2022 Actual €'000	2023 Forecast €'000
<i>Retail</i>	4,552	1,441	303	320
<i>Automotive</i>	1,693	2,328	3,267	4,119
<i>Catering</i>	96	-	-	-
<i>Management fees</i>	251	511	419	395
<i>Rental income</i>	454	841	1,125	1,358
Total revenue	7,046	5,121	5,114	6,192
Cost of sales	(5,552)	(3,546)	(3,044)	(3,850)
Net operating income / (expenses)	(747)	302	119	603
EBITDA	747	1,877	2,189	2,945
Depreciation and amortisation	(2,106)	(1,151)	(960)	(1,182)
Movement in fair value of investment property	1,258	3,364	-	-
Operating profit / (loss)	(101)	4,090	1,229	1,763
Share of results of associates & jointly controlled entities	52	350	461	267
Net finance costs	(1,120)	(1,032)	(1,222)	(1,392)
Profit / (loss) before tax	(1,169)	3,408	468	638
Taxation	(100)	(168)	-	-
Profit / (loss) for the year	(1,269)	3,240	468	638
Movement in fair value of financial assets	(93)	-	-	-
Total comprehensive income / (expense) for the year	(1,362)	3,240	468	638



United Group Limited				
Statement of Financial Position				
as at 31 December				
	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Property, plant and equipment	5,006	4,649	4,756	6,658
Investment property	17,491	21,525	21,940	28,124
Investments in associates & joint ventures	7,198	7,548	8,009	2,888
Right-of-use assets	3,512	589	598	381
Deferred tax assets	782	932	932	932
Trade and other receivables	79	54	286	-
	<u>34,068</u>	<u>35,297</u>	<u>36,521</u>	<u>38,983</u>
Current assets				
Inventories	1,048	130	123	1,161
Trade and other receivables	951	1,795	1,189	695
Cash and cash equivalents	1,231	770	1,744	550
	<u>3,230</u>	<u>2,695</u>	<u>3,056</u>	<u>2,406</u>
Total assets	<u>37,298</u>	<u>37,992</u>	<u>39,577</u>	<u>41,389</u>
EQUITY				
Called up share capital	25	25	25	25
Retained earnings	6,652	9,891	10,360	10,848
	<u>6,677</u>	<u>9,916</u>	<u>10,385</u>	<u>10,873</u>
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	14,433	10,235	9,364	19,541
Lease liabilities	2,791	467	392	259
Other non-current liabilities	4,022	4,340	4,215	3,426
	<u>21,246</u>	<u>15,042</u>	<u>13,971</u>	<u>23,226</u>
Current liabilities				
Bank overdrafts	3,514	2,377	2,128	2,010
Borrowings	563	6,444	9,198	-
Lease liabilities	967	150	253	150
Other current liabilities	4,331	4,063	3,642	5,130
	<u>9,375</u>	<u>13,034</u>	<u>15,221</u>	<u>7,290</u>
	<u>30,621</u>	<u>28,076</u>	<u>29,192</u>	<u>30,516</u>
Total equity and liabilities	<u>37,298</u>	<u>37,992</u>	<u>39,577</u>	<u>41,389</u>
<i>Total debt</i>	<i>22,268</i>	<i>19,673</i>	<i>21,335</i>	<i>21,960</i>
<i>Net debt</i>	<i>21,037</i>	<i>18,903</i>	<i>19,591</i>	<i>21,410</i>
<i>Invested capital (total equity plus net debt)</i>	<i>27,714</i>	<i>28,819</i>	<i>29,976</i>	<i>32,283</i>



Key Financial Ratios

Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Net debt-to-EBITDA (times) <i>(Net debt / EBITDA)</i>	28.16	10.07	8.95	7.27
Net debt-to-equity (times) <i>(Net debt / total equity)</i>	3.15	1.91	1.89	1.97
Net gearing (%) <i>(Net debt / net debt and total equity)</i>	75.91	65.59	65.36	66.32
Debt-to-asset (times) <i>(Total debt / total assets)</i>	0.60	0.52	0.54	0.53
Leverage (times) <i>(Total assets / total equity)</i>	5.59	3.83	3.81	3.81
Current ratio (times) <i>(Current assets / current liabilities)</i>	0.34	0.21	0.20	0.33

Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
EBITDA margin (%) <i>(EBITDA / revenue)</i>	10.60	36.65	42.80	47.56
Operating profit margin (%) <i>(Operating profit / revenue)</i>	(1.43)	79.87	24.03	28.47
Net profit margin (%) <i>(Profit after tax / revenue)</i>	(18.01)	63.27	9.15	10.30
Return on equity (%) <i>(Profit after tax / average equity)</i>	(17.25)	39.05	4.61	6.00
Return on assets (%) <i>(Profit after tax / average assets)</i>	(3.42)	8.61	1.21	1.58
Return on invested capital (%) <i>(Operating profit / average equity and net debt)</i>	(0.37)	14.47	4.18	5.66
Interest cover (times) <i>(EBITDA / net finance costs)</i>	0.67	1.82	1.79	2.12



Our Comments

This bond will not be listed on a regulated market and will therefore NOT be tradable on the Malta Stock Exchange. This makes this Issue a **COMPLEX INVESTMENT** in terms of the investment services regulatory regime due to its being more difficult to understand and therefore subject to the requirement of an Appropriateness Test in terms of the regulatory regime.

This means that the bond will not have a price arising from trading as any trading that may take place will be private transactions. Because of this, only prospective investors that are confident that they shall not require the funds prior to maturity should consider buying this bond. Selling such bonds may be possible but there is no guarantee that there will always be buyers and secondary market prices may be erratic.

The coupon of 6% may be overall acceptable to compensate prospective investors when one considers that the profitability of the company is rather low and the level of borrowing compared to own capital is high.

We still expect a substantial demand for these bonds. FTM has purchased a part of this issue by private placement for distribution to interested investors on a first come first served basis.

Given that this bond will not trade on a regulated market and that it lacks liquidity, Finco shall agree to act as intermediary in the selling of the bond in the following circumstances:

- i. In an Advisory Mandate, if a client requests our opinion, we might give a personalised recommendation, naturally if the Applicant satisfies the conditions of a Suitability Test in terms of MiFID II;
- ii. Finco may also take the initiative to advise its existing clients to purchase this security where Finco enjoys an Advisory or Discretionary Mandate and Finco considers such a security as Suitable to their circumstances;
- iii. In case of Execution-Only instructions received from clients only if such Applicants satisfy an Appropriateness Test in terms of MiFID II.

Finco is of the view that any exposure to this Bond should not exceed 10% of his overall investment portfolio and only if he falls within the Positive Target Assessment and does not form part of the Negative Target Market Assessment, both as designed by Finco.

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



Time Table & Application Procedures

Subscription Period	1 September 2023 to 15 September 2023, both days included
Commencement of interest	15 September 2023
Announcement of basis of acceptance	15 September 2023
Refund of unallocated monies, if any	18 September 2023
Issuance of the Global Note	18 September 2023
Issuance of Participation Notes certificates	18 September 2023

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 20th July 2023 and is intended solely for distribution to its clients.

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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 office.