



FACT SHEET

€23 million 4.75% GAP Group plc Secured Bonds 2025/27

Guaranteed by GAP Żonqor Limited

KEY DETAILS

Issuer:	GAP Group plc	Listing:	Official List, Malta Stock Exchange
Amount Offered:	€23 million	Coupon:	4.75%
Offer Price:	100% (par value of €100)	Interest Payment Frequency:	Annually on 22 December (with the first interest payment date being 22 December 2023)
Status:	Secured & Guaranteed	Complex:	Yes (Callable)
Maturity Date:	22 December 2027	Early Redemption Dates:	Any date falling between 22 December 2025 and 21 December 2027 (subject to the Issuer giving not less than 30 days' notice)
Offer Period:	9 December to 21 December at 14:00 hrs	Minimum Subscription Amount:	€5,000 (nominal) and in multiples of €100 thereafter

NOTICE

The bonds are **COMPLEX** instruments in view of their callability feature. Accordingly, they are only appropriate and/or suitable for investors who have the knowledge and experience to understand the risks that are specifically related to this type of financial instrument.

ABOUT GAP GROUP PLC

GAP Group plc ("GAP" or the "Group") is a property development company as it acquires land for developing residential units earmarked for re-sale in a finished state. Over the years, it successfully completed projects located in Lija, Gharghur, Żebbuġ, Luqa, Birkirkara, Naxxar, Mellieħa, Marsascala, and Qawra. Virtually all the residential units within these developments are either sold or subject to Promise of Sale Agreements ("PoSA").

More recently, the Group embarked on three new projects located in Mosta ('The Pantheon') and Qawra ('Mulberry Park' and 'Seaberry'). These are expected to be completed by 2024 and will entail the construction of a total of 323 residential units for an investment of around €50 million and having a projected sales value in excess of €85 million.

GAP has also earmarked a 3,817 sqm site at Marsascala ('Żonqor Site') which the Group intends to purchase for €14.8 million to develop into a residential complex of 118 residential units, 182 lock-up garages, and two Class 4B shops. The costs for construction and finishing of the Żonqor Site development are expected to be around €18 million. GAP already holds the full development permit for the excavation and construction of the site. The details of ongoing projects are summarised below:

Project	Cost of Project	Expected Completion	Total No. of residential units	No. of Units Sold / Subject to PoSA	% of Units Sold / Subject to PoSA	Projected Revenues (net of sales commissions)
Mulberry Park, Qawra	€12.2m	Q4 2022	93	57	61%	€21.5m
The Pantheon, Mosta	€19.2m	Q4 2023	114	32	28%	€40.0m
Seaberry, Qawra*	€16.6m	Q2 2024	116	Nil	Nil	€27.6m
Żonqor Site, Marsascala	€32.5m	Q1 2025	118	Nil	Nil	€45.5m

*The information includes units that are still subject to planning permits following revised plans submitted by the Group.

USE OF PROCEEDS

The net proceeds from the bond issue, estimated at €22.5 million after issuance costs, will be used by the Group for the following purposes, in the amounts and order of priority set out below:

- €15.9 million for the acquisition of the 'Żonqor Site' at Marsascala, including stamp duty, notary costs, and applicable brokerage fees.
- €6.6 million for the partial financing of the 'Żonqor Site' development costs.



RANKING OF THE BONDS

The bonds will constitute the general, direct, unconditional, and secured obligations of GAP Group plc and will, at all times, rank *pari passu*, without any priority or preference among themselves. In addition, the bonds are guaranteed by GAP Żonqor Limited. The bonds will also be secured as follows:

Collateral provided by GAP Group plc:

- (i) Fourth-ranking general hypothec for the full nominal value of the bonds and interest thereon over all its property (present and future) for the full nominal value of the bonds and interest thereon.
- (ii) A pledge on the insurance policy proceeds for the full nominal value of the bonds and interest thereon.

Collateral provided by GAP Żonqor Limited:

- (i) First-ranking general hypothec for the full nominal value of the bonds and interest thereon over all its property (present and future) for the full nominal value of the bonds and interest thereon.
- (ii) First-ranking special hypothec for the full nominal value of the bonds and interest thereon over the 'Żonqor Site' and any developments and constructions thereon.
- (iii) First-ranking special privilege over the 'Żonqor Site' for an amount of €14.2 million.

RISK FACTORS

GAP Group plc is subject to a number of risks pertaining to the nature of its business. Prospective investors are urged to read the 'Risk Factors' found in the Prospectus dated 5 December 2022. These are listed in Section 2 of the Registration Document and in Section 3 of the Securities Note.

Prospective investors must also note that since the financial forecasts and the assumptions on which they are based relate to the future, they may be affected by unforeseen events. As such, the variation between forecasts, projections and actual results may be material.

PLAN OF DISTRIBUTION

The bonds will be made available for subscription to all categories of investors and offered exclusively to Authorised Financial Intermediaries through an Intermediaries' Offer. The bond issue is conditional upon it being fully subscribed.

APPLICATION PROCEDURE

Prospective investors wishing to participate in the Intermediaries Offer are kindly asked to contact us for further details. **Applications must be for a minimum of €5,000 (nominal) and in multiples of €100 (nominal) thereafter.**

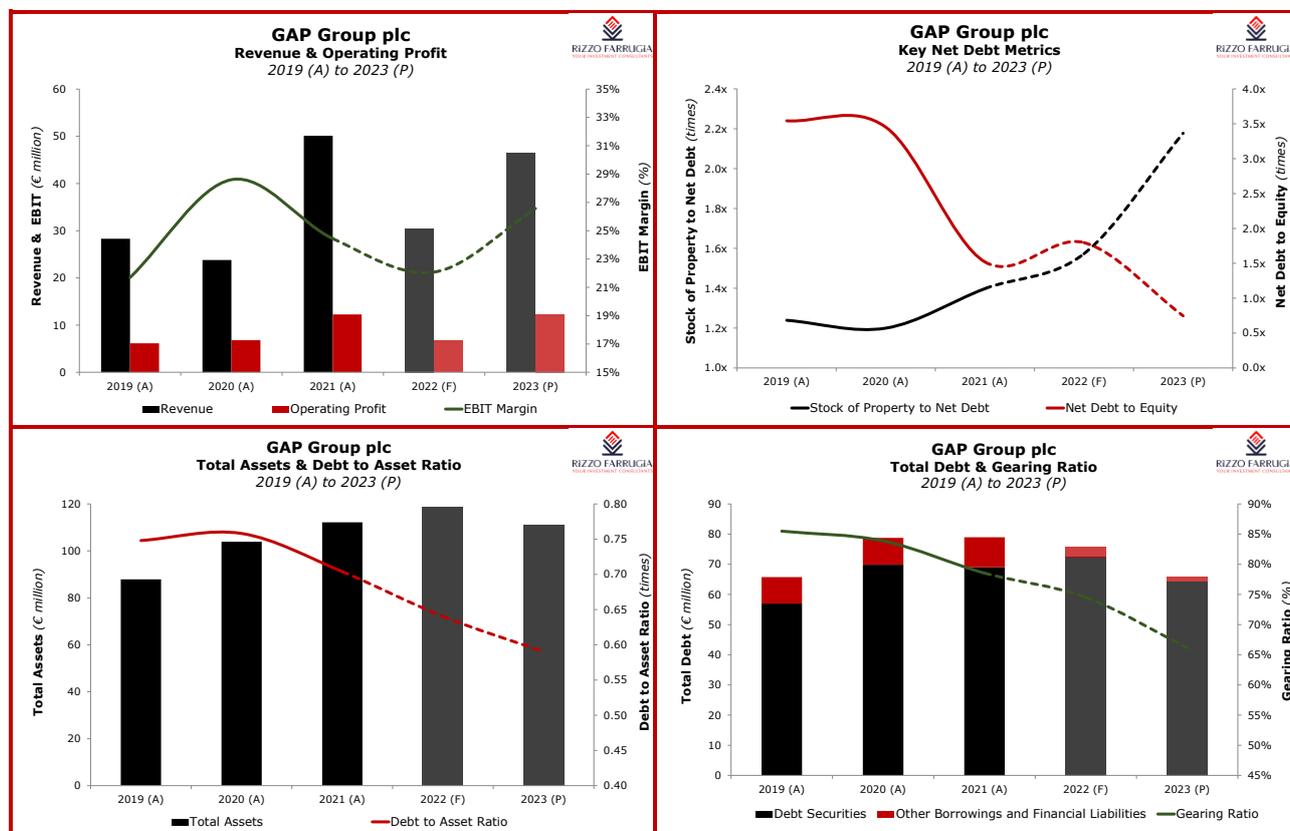
All applications must be accompanied by the appropriate payment, either by cheque in EUR payable to 'Rizzo, Farrugia & Co (Stockbrokers) Ltd – Clients a/c' or credited into either one of our EUR denominated Clients' Accounts as detailed below:

	HSBC Bank Malta plc	Bank of Valletta plc
EUR A/C No	006 050041 004	400 135 62906
IBAN	MT46 MMEB 4406 0000 0000 0605 0041 004	MT18 VALL 2201 3000 0000 400 135 62906
SWIFT CODE	MMEB MTMT	VALL MTMT



KEY FINANCIAL HIGHLIGHTS & METRICS

Financial Year Ended 31 December:	2019 (A)	2020 (A)	2021 (A)	2022 (F)	2023 (P)
Revenue [€000]	28,287	23,786	50,116	30,481	46,366
Cost of Sales [€000]	(21,500)	(15,816)	(35,317)	(22,097)	(33,028)
Administrative expenses [€000]	(1,650)	(1,167)	(2,550)	(1,655)	(1,020)
Operating Profit (EBIT) [€000]	6,137	6,803	12,249	6,729	12,318
Net Finance Costs [€000]	(2,764)	(1,219)	(857)	(534)	(1,083)
Profit before Tax [€000]	3,373	5,584	11,392	6,195	11,235
Net Profit [€000]	1,128	4,102	8,865	4,373	7,526
Total Debt [€000]	65,742	78,759	78,955	75,953	65,661
Cash & Cash Equivalents [€000]	7,698	2,060	1,260	8,860	4,804
Sinking Fund & Funds held by Trustee [€000]	18,534	24,478	44,917	20,463	35,772
Net Debt [€000]	39,510	52,220	32,778	46,630	25,085
Total Assets [€000]	87,886	103,895	112,173	118,648	111,254
Total Liabilities [€000]	76,731	88,761	90,598	92,687	77,682
Total Equity [€000]	11,155	15,134	21,575	25,961	33,572
Working Capital Ratio [times] (Current Assets/Current Liabilities)	5.27	7.25	6.24	6.02	4.66
EBIT Margin [%] (EBIT / Revenue)	21.7	28.6	24.4	22.1	26.6
Net Profit Margin [%] (Net Profit / Revenue)	3.99	17.2	17.7	14.3	16.2
Return on Equity [%] (Net Profit / Average Equity)	10.7	31.2	48.3	18.4	25.3
Return on Assets [%] (Net Profit / Average Assets)	1.58	4.28	8.21	3.79	6.55
Interest Cover [times] (EBIT / Net Finance Costs)	2.22	5.58	14.3	12.6	11.4
Net Debt to EBIT [times] (Net Debt / EBIT)	6.44	7.68	2.68	6.93	2.04
Net Debt to Equity [times] (Net Debt / Total Equity)	3.54	3.45	1.52	1.80	0.75
Net Debt to Invested Capital [%] (Net Debt / Net Debt + Equity)	78.0	77.5	60.3	64.2	42.8
Stock of Property to Net Debt [times]	1.24	1.20	1.40	1.57	2.18
Gearing Ratio [%] (Total Debt / [Total Debt + Equity])	85.5	83.9	78.5	74.5	66.2
Debt to Asset Ratio [times] (Total Debt / Total Assets)	0.75	0.76	0.70	0.64	0.59
Leverage Ratio [times] (Total Assets / Total Equity)	7.88	6.87	5.20	4.57	3.31





Disclaimer

This Fact Sheet was prepared by Jonathan Falzon, Research Analyst at Rizzo, Farrugia & Co. (Stockbrokers) Ltd ("Rizzo Farrugia") and reviewed by Edward Rizzo, a Director at Rizzo Farrugia which is a member of the Malta Stock Exchange and licensed to conduct Investment Services business by the Malta Financial Services Authority.

It is intended solely for distribution to clients of Rizzo Farrugia. Any information in this Fact Sheet is based on data obtained from sources considered to be reliable, but no representations or guarantees are made by Rizzo Farrugia with regard to the accuracy of the data. Any analysis, grading and/or opinions contained herein constitute our best judgement at this date and are subject to change without notice. **This Fact Sheet is for information purposes only and does NOT constitute personal investment advice or recommendation.** It is not intended to be and should not be construed as an offer or solicitation to acquire or dispose of any of the investments mentioned herein. The recipient's specific personal circumstances and investment objectives have not been considered in the preparation of this Fact Sheet and therefore, the investments mentioned in this Fact Sheet may not be suitable for all its recipients. Recipients should consult their investment advisor for personal investment advice on the investment/s mentioned in this Fact Sheet. Rizzo Farrugia accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of, or in any way connected with, the use of all or any part of this Fact Sheet. Rizzo Farrugia, its directors, employees or clients may have or have had interests in the investments referred to herein, and may at any time make purchases and/or sales in them as principal or agent. However, research analysts and other relevant persons may not trade in the investments to which this Fact Sheet relates (other than executing unsolicited client orders). This restriction is applicable during the preparation of this Fact Sheet, and following its issuance, until such time as the recipients of this Fact Sheet have had a reasonable opportunity to act thereon, which is construed as being two trading days from the date this Fact Sheet is issued. Rizzo Farrugia may have or have had a relationship with or may provide or has provided other services of a corporate nature to the company/ies mentioned herein. Rizzo Farrugia has a fixed remuneration policy and none of the research analysts that produce investment research reports receive compensation that is related to the investment research reports issued. Past performance is not necessarily a guide to future returns. The value of investments and the income derived therefrom may fall as well as rise and investors may not get back the amount originally invested. Financial markets are volatile and subject to fluctuations which cannot be reasonably foreseen. No part of this Fact Sheet may be shared, reproduced or distributed at any time without the prior consent of Rizzo Farrugia. Rizzo Farrugia did not disclose the content of this Fact Sheet to the company/ies mentioned herein prior to the dissemination of this Fact Sheet. By accepting this Fact Sheet and by taking any action on the basis of the information contained therein, the reader confirms that he/she understands and accepts the terms, conditions and risks associated with this investment, and the contents of this disclaimer. All intellectual property and other rights reserved.

Additional information can be made available upon request from Rizzo, Farrugia & Co. (Stockbrokers) Ltd., Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta. Telephone: +356 2258 3000; Email: info@rizzofarrugia.com; Website: www.rizzofarrugia.com