Final Terms dated 16 June 2023

JD CAPITAL plc

SECURED BOND ISSUANCE PROGRAMME OF A MAXIMUM OF €25,000,000

ISIN: MT0001831222

Series No: 2/2023

Tranche No: 1

UP TO A MAXIMUM OF €11,000,000 SECURED BONDS

ISSUED BY:

JD CAPITAL P.L.C.

PART A – CONTRACTUAL TERMS

Capitalised terms used in these Final Terms which are not defined herein shall have the definitions assigned to them in the Base Prospectus dated 3 October 2022 which was approved by the MFSA in Malta on 3 October 2022 and which constitutes a base prospectus for the purposes of the Prospectus Regulation. Any reference in these Final Terms to "**Series 2, Tranche 1 Bonds**" shall be construed as a reference to Tranche 2 Bonds as defined in the Base Prospectus.

This document constitutes the Final Terms of the Series 2, Tranche 1 Bonds described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Tranche of Bonds under these Final Terms is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the issue of this Tranche of Bonds is annexed to these Final Terms.

The Base Prospectus is available for viewing at the office of the Issuer and on the websites of: (a) the MFSA during a period of twelve months from the date of approval of the Base Prospectus; and (b) the Issuer (https://www.jsdimech.com/investor-relations) and copies may be obtained free of charge from the registered office of the Issuer (HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta). A summary of this individual issue is annexed to these Final Terms.

1.	**Issuer**	JD Capital p.l.c. (C 82098)
2.	**Series Number**	2
3.	**Tranche Number**	1 The Bonds to be issued under these Final Terms will not be fungible with the existing Series 1, Tranche 1 Bonds issued in terms of the Final Terms dated 3 October 2022.
4.	**Specified Currency**	Euro (€)
5.	**Aggregate nominal amount:**	
	(i) Series	(i) up to €11,000,000, which may be issued solely in Tranches forming part of this Series 2 or in combination with Tranche/s forming part of one or more separate Series, provided that the aggregate of all such Series shall not exceed €25,000,000.
	(ii) Tranche	(ii) up to €11,000,000.
6.	**(i) Issue Price of Tranche**	(i) €100.
	(ii) Net proceeds	(ii) A maximum of €11,000,000.
7.	**Specified Denomination**	€100
8.	**Number of Bonds offered for subscription**	up to a maximum of 110,000
9.	**(i) Issue Date**	(i) 19 July 2023
	(ii) Interest Commencement Date	(ii) 19 July 2023
10.	**Maturity Date**	19 July 2033
11.	**Early Redemption Date/s**	Not applicable
12.	**Redemption Value**	Redemption at par.

13.	**Register Cut-Off Date**	15 days prior to the Interest Payment Date.
INTEREST		
14.	**Rate of Interest**	6% payable annually in arrears.
15.	**Interest Payment Date/s**	19 July of each year between and including each of the years 2024 and the year 2033, provided that if any such day is not a Business Day, such interest payment date will be carried over to the next following day that is a Business Day.
GENERAL PROVISIONS		
16.	**Taxation**	As per section 18 (“***Taxation***”) of the Base Prospectus.

PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue and admission to trading on the Official List of the MSE of the Tranche of Bonds described herein pursuant to the Secured Bonds Issuance Programme of a maximum of €25,000,000, in terms of the Base Prospectus dated 3 October 2022.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Board of Directors of JD Capital p.l.c. by Mr Josef Dimech.

JOSEF DIMECH
Director

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING AND LISTING

Admission to Listing	The Bonds were authorised as admissible to listing on the Official List of the Malta Stock Exchange.
Admission to Trading	Application has been made to the MSE for the Bonds being issued pursuant to these Final Terms to be admitted to trading thereon. The Bonds are expected to be admitted to the MSE with effect from 19 July 2023 and trading is expected to commence on 20 July 2023.
Previous admission to trading	Not applicable.
Estimate of total expenses relating to Admission to Trading	Approximately €250,000. Such expenses shall be borne be the Issuer.
Dates of the corporate authorisations for issuance of the Bonds	Resolution of the Board of Directors dated 13 June 2023.

2. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Reasons for the Offer / Use of Proceeds	The Bonds to be issued under these Final Terms will be used for the purposes set out in section 15.2.3.2 of the Base Prospectus.
Estimated Expenses	Approximately €250,000, with approximately €137,500 being attributed to selling commission fees and €112,500 to professional fees, MSE, regulatory and ancillary fees. There is no particular order of priority with respect to such expenses. All expenses shall be borne by the Issuer.
Estimated Net Proceeds	A maximum of €11,000,000.
Conditions to which the Offer is subject	The offer of the Series 2, Tranche 1 Bonds is conditional upon: (i) the Series 2, Tranche 1 Bonds being admitted to the Official List; and (ii) the total subscription for the Series 2, Tranche 1 Bonds equates to at least €7,000,000. Provided that, if the minimum subscription threshold of €7,000,000 is met, the Issuer shall issue Series 2, Tranche 1 Bonds up to the amount subscribed for and the proceeds from the issue of the Series 2, Tranche 1 Bonds shall first be utilised for the purpose set out in section 15.2.3.2(ii)(a) of the Base Prospectus, and any remaining balance shall be utilised for the purposes specified in section 15.2.3.2(ii)(b) of the Base Prospectus. In the event that any of these conditions is not satisfied, the subscription for the Series 2, Tranche 1 Bonds shall be deemed not to have been accepted by the Issuer, any application monies will be returned without interest by direct credit into the Applicant's bank account, and the issue of Series 2, Tranche 1 Bonds shall be cancelled forthwith.

3. YIELD

Yield	6%
Method of Calculation of Yield	Yield will be calculated on the basis of the interest per annum, the Issue Price and the Redemption Value of the Series 2, Tranche 1 Bonds at Maturity Date.

4. EXPECTED TIMETABLE

Offer Period	19 June 2023 - 7 July 2023 at 12:00 CET
Announcement of basis of acceptance	12 July 2023
Refund of unallocated monies, if any	19 July 2023
Dispatch of allotment letters	19 July 2023
Commencement of interest	19 July 2023
Expected date of admission of the Bonds to listing	19 July 2023
Issue date of the Bonds	19 July 2023
Expected date of commencement of trading in the Bonds	20 July 2023

The Issuer reserves the right to shorten or extend the closing of the Offer Period, in which case, the remaining events set out above will be brought forward or moved backwards (as the case may be) in the same chronological order set out above. In the event that the timetable is revised as aforesaid, the Interest Payment Dates and the Maturity Date may change, in which case the revised dates will be communicated by the Issuer by means of a company announcement and, or on its website, without the requirement to amend these Final Terms.

5. METHOD OF DISTRIBUTION AND ALLOCATION

Offer Period	the period between 19 June 2023 to 7 July 2023 at 12:00 CET.
Plan of Distribution and Allotment	Distribution of the Series 2, Tranche 1 Bonds shall be by way of an intermediaries' offer through placement in favour of Authorised Financial Intermediaries (on their own account or on account of their underlying investors). In this regard, the Issuer may enter into subscription agreements with Authorised Intermediaries for the subscription of Series 2, Tranche 1 Bonds (the "**Subscription Agreements**"). In terms of the Subscription Agreements, the Issuer will undertake to issue, and Authorised Intermediaries will undertake to subscribe for, Series 2, Tranche 1 Bonds subject to: (i) the Series 2, Tranche 1 Bonds being admitted to trading on the Official List; and (ii) Series 2, Tranche 1 being subscribed to a minimum amount of €7,000,000. In the event that any of the aforesaid conditions are not satisfied, the Security Trustee shall return any Bond Issue proceeds raised from the Series 2, Tranche 1 Bonds to applicants who subscribed for Bonds under such Tranche. In terms of the Subscription Agreements, Authorised Intermediaries subscribing for Series 2, Tranche 1 Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either: (i) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or (ii) instruct the Issuer to issue a portion of the Bonds subscribed by them directly to their underlying customers.

Reservation of Series 2, Tranche 1 Bonds, or part thereof, in favour of a specific class of investors	Not applicable.
Minimum amount of application	€2,000 and multiples of €100 thereafter.
Description of application process	All Applications for the Series 2, Tranche 1 Bonds must be submitted on the appropriate Application within the time limits established therein. All Applications are to be lodged with any of the Authorised Financial Intermediaries by not later than 12:00 CET on 7 July 2023 together with payment of the full price of the Bonds applied for, in Euro (€). Payments may be made in cash, by bank transfer, or by cheque payable to the respective Authorised Financial Intermediary. In the event that a cheque accompanying an Application is not honoured on its first presentation, the Authorised Financial Intermediary and, or the Issuer acting through the Registrar, reserve the right to invalidate the relative Application. Applications shall be subject to the "*Terms and Conditions of Application for Tranches of Bonds*" as set out in in section 17 of the Base Prospectus.
Oversubscription and refunds	The Issuer may refuse and, or reduce subscriptions in any of the following events: a) In the event of over-subscription of the offer of the Series 2, Tranche 1 Bonds; and, or b) Insofar as the Allocation Policy of the Issuer so determines, If an Application is not accepted or is accepted for a lesser amount than is applied for, the full amount or the excess amount (as applicable) will be returned by the Registrar without interest by direct credit to the Applicant's bank account as indicated in the Application. The Issuer shall not be responsible for any loss or delay in transmission.
Payment and delivery	As per the "*Terms and Conditions of Application for Tranches of Bonds*" in section 17 of the Base Prospectus.
Allocation policy	The Issuer shall announce the result of the Bond Issue by no later than 12 July 2023.
Results of the offer	The results of the Offer shall be announced by the Issuer by way of publication of a company announcement on its website on https://www.jsdimech.com/investor-relations by not later than 12 July 2023.
Selling Commission	1.25%.

6. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Except for the fees payable to the advisers of the Issuer in connection with the offer of the Bonds, so far as the Issuer is aware, no person involved in the offer of the Bonds has any other interest that is material to the offer.

7. THIRD PARTY INFORMATION

Not applicable.

ANNEX I – ISSUE SPECIFIC SUMMARY

This summary (the "**Summary**") is prepared in accordance with the requirements of the Prospectus Regulation. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds to be issued pursuant to the Final Terms. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Base Prospectus and the Final Terms, as the case may be.

1. INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer and the Series 2, Tranche 1 Bonds, summarised details of which are set out below:

Full legal and commercial name of the Issuer	JD Capital p.l.c.
Registered address	HHF 303, Industrial Estate, Hal-Far, Birzebbugia, BBG 3000, Malta
Registration number	C 82098
Legal Entity Identification (LEI) Number	391200C8XW0F6K1ROJ82
Date of Registration	9 August 2017
Telephone number	+356 21653689
Email	info@jsdimech.com
Website	https://www.jsdimech.com/investor-relations/
Nature of the securities	The Series 2, Tranche 1 Bonds are secured bonds of an aggregate principal amount of up to eleven million Euro (€11,000,000), of a nominal value of €100 per bond, issued at par and redeemable at their nominal value on 19 July 2033, and bearing interest at the rate of 6% per annum.
ISIN of the Bonds	MT0001831222
Competent authority approving the Base Prospectus	The Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta).
Address, telephone number and official website of the competent authority approving the Base Prospectus	Address: Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta; Telephone number: +356 21 441 155; Official website: www.mfsa.mt
Base Prospectus approval date	3 October 2022

Prospective investors are hereby warned that:

(i) this Summary should be read as an introduction to the Base Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Series 2, Tranche 1 Bonds being offered pursuant to the Base Prospectus and the Final Terms. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;

(ii) any decision of the investor to invest in the securities should be based on consideration of the Base Prospectus and these Final Terms as a whole by the investor;

(iii) an investor could lose all or part of the capital invested in subscribing for the Series 2, Tranche 1 Bonds;

(iv) where a claim relating to the information contained in the Base Prospectus and these Final Terms is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Base Prospectus and these Final Terms before the legal proceedings are initiated; and

(v) civil liability attaches only to those persons who have tabled the Summary including any translation thereof but only if the Summary, when read together with the other parts of the Base Prospectus and these Final Terms, is misleading, inaccurate or inconsistent or does not provide key information in order to aid investors when considering whether to invest in such securities.

2. KEY INFORMATION ON THE ISSUER

2.1. WHO IS THE ISSUER OF THE SECURITIES?

2.1.1. Domicile and legal form, its LEI and country of incorporation

The Issuer is JD Capital p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta) with company registration number C 82098. The legal entity identifier (LEI) number of the Issuer is 391200C8XW0F6K1ROJ82.

2.1.2. Principal Activities of the Issuer

The Issuer was registered on 9 August 2017 and was established as the holding company, financing, re-financing and investment arm of the Group. The Issuer, therefore, does not carry out any trading or operating activities of its own, other than the carrying out of financing and re-financing activities, including the advancing of funds to companies forming part of the Group to fund the Group's funding requirements as and when the demands of the Group's business so require. Accordingly, the Issuer is economically dependent on the operations undertaken by its operating Subsidiaries.

2.1.3. Major Shareholders of the Issuer

Mr. Josef Dimech is the sole ultimate beneficial owner of the Issuer, ultimately holding *circa* 98% of the ownership interests of the Issuer: (i) directly as the registered holder of 0.0004% of the issued share capital of the Issuer; and (ii) indirectly as the registered holder of 97.92% of the issued share capital of JD Holdings Limited, the immediate parent company and majority registered shareholder of the Issuer.

2.1.4. Board of Directors of the Issuer

The Board of Directors of the Issuer is composed of the following persons: (a) Josef Dimech (executive director); (b) Jonathan Pace (non-executive director); (c) Stanley Portelli (non-executive and independent director); (d) Stephen Muscat (non-executive and independent director); and (e) Jesmond Manicaro (non-executive and independent director).

2.1.5. Statutory Auditors

The auditors of the Issuer as at the date of this Summary and for the financial years ended 2019, 2020 and 2022 are RSM Malta of Triq l-Imdina, Haz-Zebbug, ZBG 9015, Malta. The Accountancy Board registration number of RSM Malta is AB/26/84/53.

2.2. WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

The Group's audited financial statements as at 31 December 2022, 2021 and 2020 are published on the Issuer's website.

JD Capital p.l.c. **Consolidated summary of key financial information**			
	31 Dec 2022 *(Audited)* *Euro 000*	**31 Dec 2021** *(Audited)* *Euro 000*	**31 Dec 2020** *(Audited)* *Euro 000*
Statement of profit or loss			
Revenue	11,831	16,268	15,145
Operating profit	185	1,155	1,394
Statement of financial position			
Total assets	57,486	47,280	33,260
Statement of cash flows			
Net cash flows from / (used in) operating activities	(7,492)	(1,728)	(1,008)
Net cash flows from / (used in) investing activities	(186)	1,542	(304)
Net cash flows from / (used in) financing activities	8,700	36	1,756

2.3. WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?

The most material risk factors specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

2.3.1. Risks relating to the Issuer's role as the holding and financing company of the Group

The Issuer does not carry out any trading activities of its own and its sole purpose is to raise funds in the capital markets for the purpose of on-lending to companies forming part of the JD Capital Group. As a result, the only cash-generating activities of the Issuer are the receipt of interest income on funds advanced to Group companies and dividends received from its Subsidiaries, if any, from time to time. Accordingly, the Issuer is economically dependent on the operational results, the financial position and the financial performance of the Group companies to which it provides financing and its Subsidiaries. The underperformance of any of these companies may have an adverse effect on the performance of the Issuer which, in turn, may affect its ability to service payments under the Bonds. The key risks associated with the Group, on which the Issuer is dependant as aforesaid, are contained in the Base Prospectus and prospective investors are strongly advised to carefully consider all such risk factors with their own independent financial and other professional advisors.

Key economic and financial risks

2.3.2. Risks relating to the Group's financing and investment strategies and historical gearing level

The Group may not be able to obtain the financing it requires for the continued operation of its business, completion of major projects, and investments, on commercially reasonable terms, or at all. Failure to obtain, or delays in obtaining, the financing required, including increases in borrowing costs or decreases in debt capacity or funding availability, may limit the Group's growth, and adversely affect its business, financial condition, results of operations and its prospects. The Group further has a number of bank credit facilities and loan facilities outstanding as at the date of the Base Prospectus and the Group's capital structure is, and is expected to remain, relatively highly geared, thereby absorbing a significant portion of cash flows generated by the Group's operations. Adverse movements in the Group's actual or projected cash flows will reduce the actual or projected level of debt service cover and the ability of the Issuer to fulfill its obligations under its debt or other securities, including the Bonds, as well as the ability of the Group to fulfil its obligations under any financial indebtedness outstanding from time to time.

Furthermore, the Group is subject to various covenants and restrictive undertakings stipulated by the terms and conditions of its third-party financing arrangements, which could limit the Group's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally, or otherwise inhibit the ability to conduct necessary operational activities. If the Group were to default on its obligations under its third-party financing arrangements, it may be liable to default interest and, or contractual penalties and third-party financiers may exercise or seek measures to enforce any security interests constituted in their favour.

Key business and operational risks

2.3.3. Risks relating to industrial aluminium, steel and glass works, design, manufacturing, supply and project delivery

The Group's principal operational risks relate to its ability to deliver projects as committed, within project budgeted costs and the stipulated deadlines. Inability to comply with such projected deliverables, contractual arrangements and, or applicable regulatory and legal requirements relating thereto could result in significant liabilities (which may include penalties, fines, and, or pre-liquidated damages) and the forfeiture of any performance guarantees put up by the Group as security for the due performance of its project delivery commitments. Project contractual arrangements may limit the Group's ability to recover cost overruns or other additional expenses incurred in the delivery of a project and may also be susceptible to the right of its customers to reject goods or other supplies, or to request a variation in the agreed project works. The abovementioned risks could consequently adversely impact the Group's relations with its customers, prejudice its goodwill, and, or could result in a material adverse effect on its financial position, financial performance, and operational results.

2.3.4. Risks relating to the temporary title over the Hal Far Factory

The Hal Far Site and Hal Far Factory are held by JD Operations Limited under title of a 65-year temporary emphyteusis granted unto JD Operations Limited by INDIS, effective as from 6 March 2018.

Failure to abide with the terms and conditions to which the emphyteutical grant is subject may have an adverse material effect on the operations of the Group, its financial performance and financial conditions resulting from the imposition of contractual penalties or the enforcement of an event of default under the emphyteutical deed, the occurrence of which may entitle INDIS to terminate the temporary emphyteusis. The inability of the Group to carry out its operations at the Hal Far Factory at any time due to failure to adhere with the terms and conditions of the emphyteutical grant could have a material adverse effect on the results of the operations of the Group, its financial performance and financial condition.

3. KEY INFORMATION ON THE SECURITIES

3.1. WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

Pursuant to the Final Terms, up to 110,000 bonds are being issued in an aggregate amount of up to €11,000,000, with a nominal value of €100 per Bond issued and redeemable at par and redeemable on 19 July 2033. The Series 2, Tranche 1 Bonds shall bear interest at the rate of 6% per annum on the nominal value of the Series 2, Tranche 1 Bonds. The Series 2, Tranche 1 Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Bonds shall have the following ISIN: MT0001831222 and shall be freely transferable.

The only rights attached to the Bonds are the right to: (i) attend and vote at meetings of Bondholders in accordance with the Terms and Conditions; (ii) receive payment of capital and interest subject to and in accordance with the ranking as specified in the Terms and Conditions; and (iii) benefit of the Collateral and the Collateral Account through the Security Trustee.

The Series 2, Tranche 1 Bonds constitute the general, direct, unconditional and 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. The Series 2, Tranche 1 Bonds are secured by the following collateral constituted in favour of the Security Trustee for the benefit of Bondholders:

(i) the first ranking special hypothec granted by JD Operations Limited over the *utile dominium* held by it over Hal Far Site, together with all and any constructions and other buildings developed thereon;

(ii) the second ranking special hypothec granted by JD Birkirkara Limited over the Birkirkara Site, together with all and any constructions and other buildings developed thereon, subject to a maximum of €7.0 million;

(iii) the Pledge Agreement; and

(iv) the Collateral Account;

Provided that following the Cancellation, 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. 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 and (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; and

Provided further that in the event that the Security Trustee were to enforce the Collateral in the case of an Event of Default in terms of the Base Prospectus, then in terms of the Security Trust Deed entered into between the Issuer, the Security Trustee, JD Birkirkara Limited and JD Operations Limited, recourse is to first be made to:

a. the Birkirkara Collateral (which shall, pre-Cancellation, be for the value of the Birkirkara Site and any and all constructions and other buildings developed thereon less the amount of up to €2.5 million secured in favour of Bank of Valletta p.l.c. pursuant to its first ranking special hypothec, subject to a maximum amount of €7.0 million; or, post-Cancellation, be the full value of the Birkirkara Site and any and all constructions and other buildings developed thereon); and
b. the Collateral Account.

The Security Trustee shall be obliged to make recourse to the Birkirkara Collateral and Collateral Account, as aforesaid, prior to enforcing the Hal Far Collateral for any remaining balance. As a result, recourse to the Hal Far Collateral would be limited to the extent of the difference between the value of the Bonds outstanding as at the date of default and the aggregate sum of the Collateral Account and the amount recovered through the said enforcement of the Birkirkara Collateral.

3.2. WHERE WILL THE SECURITIES BE TRADED?

Application has been made to the Malta Stock Exchange for the Series 2, Tranche 1 Bonds to be listed and traded on its Official List.

3.3. WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES?

3.3.1. Suitability of the Bonds

An investment in the Bonds may not be suitable for all recipients of the Base Prospectus and prospective investors are urged to read and fully understand the Base Prospectus and the Final Terms, and to consult an independent investment advisor before making an investment decision, with a view to ascertaining that an investment in the Bonds is suitable for the investor’s risk profile.

3.3.2. Status and ranking of the Bonds and additional indebtedness or security

The Bonds constitute the general, direct, unconditional, and secured obligations of the Issuer. There can be no guarantee that the value of the Secured Property over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds. In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry in Malta. The Issuer shall secure its obligations under the Bond Issue by virtue of, inter alia, a second-ranking special hypothec granted by JD Birkirkara Limited over the Birkirkara Site and any constructions and other buildings developed thereon in favour of Bank of Valletta p.l.c.. Accordingly, should the Issuer default under its obligations of the Bond Issue prior to the repayment of such facility and consequent cancellation of such prior ranking security, Bank of Valletta p.l.c. shall be paid out of the enforcement proceeds from the sale of the Birkirkara Site and any constructions and other buildings developed thereon, in priority to the Security Trustee, up to an amount of €2.5 million. Additionally, the Issuer may incur further borrowings or other indebtedness, and may, for the purpose of securing existing or additional borrowings or other indebtedness, create or permit to subsist additional security interests which may rank with priority or preference to the Collateral.

3.3.3. Subsequent changes in interest rate and potential impact of inflation

The Bonds are fixed rate debt securities and investment therein involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. The price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Moreover, the coupon payable on the Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Bond coupons. In a period of high inflation, an investor's real return on the Bonds will be lower than the Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Bonds on the secondary market.

3.3.4. No prior market for the Bonds

Prior to the Bond Issue and Admission, there has been no public market for the Series 2, Tranche 1 Bonds within or outside Malta. Due to the absence of any prior market for the Series 2, Tranche 1 Bonds, there can be no assurance that the price of the Series 2, Tranche 1 Bonds will correspond to the price at which the Series 2, Tranche 1 Bonds will trade in the market subsequent to the Bond Issue.

3.3.5. Orderly and liquid secondary market

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Bonds at any given time. Securities admitted to trading on the Official List are often thinly traded. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Moreover, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.

3.3.6. Conditions precedent

The issue and allotment of the Bonds is conditional upon: (i) the Series 2, Tranche 1 Bonds being admitted to the Official List; and (ii) the total subscription for the Series 2, Tranche 1 Bonds equates to at least €7,000,000. In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds raised from the Series 2, Tranche 1 Bonds to applicants who subscribed for Bonds under such Tranche.

3.3.7. Amendments to the Terms and Conditions

If the Issuer wishes to amend any of the Terms and Conditions of the Bonds, it shall call a meeting of Bondholders. Defined majorities of Bondholders may bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1. UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?

4.1.1. Expected timetable

Offer Period	19 June 2023 - 7 July 2023 at 12:00 CET
Announcement of basis of acceptance	12 July 2023
Refund of unallocated monies, if any	19 July 2023
Dispatch of allotment letters	19 July 2023
Commencement of interest	19 July 2023
Expected date of admission of the Series 2, Tranche 1 Bonds to listing	19 July 2023
Issue date of the Series 2, Tranche 1 Bonds	19 July 2023
Expected date of commencement of trading in the Series 2, Tranche 1 Bonds	20 July 2023

The Issuer reserves the right to shorten or extend the closing of the Offer Period, in which case, the remaining events set out above will be brought forward or moved backwards (as the case may be) in the same chronological order set out above. In the event that the timetable is revised as aforesaid, the Interest Payment Dates and the Maturity Date may change, in which case the revised dates will be communicated by the Issuer by company announcement and, or on its website, without the requirement to amend the Final Terms.

4.1.2. General terms and conditions; admission to trading on a regulated market; and plan of distribution

The Series 2, Tranche 1 Bonds are being issued with a minimum subscription amount of €2,000 per Applicant.

The Series 2, Tranche 1 Bonds are available for subscription through any of the Authorised Financial Intermediaries from 08:30 CET on 19 June 2023 to 12:00 CET on 7 July 2023. The Issuer may refuse or reduce subscriptions in the event of over-subscription of the offer.

Application has been made to the MSE for the Series 2, Tranche 1 Bonds to be listed and traded on the Official List. Dealings in the Series 2, Tranche 1 Bonds shall not commence prior to the Series 2, Tranche 1 Bonds being admitted to the Official List. The offer of the Bonds under this Tranche is conditional upon: (i) the Series 2, Tranche 1 Bonds being admitted to the Official List; and (ii) the Series 2, Tranche 1 Bonds being subscribed to a minimum amount of €7,000,000. In the event that any of these conditions is not satisfied, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, any application monies will be returned without interest by direct credit into the Applicant's bank account, and the Series 2, Tranche 1 Bond Issue shall be cancelled forthwith.

4.1.3. Total Estimated Expenses

Total estimated expenses are approximately €250,000 (*circa* €137,500 being attributed to selling commission fees and €112,500 to professional fees, MSE, regulatory and ancillary fees). There is no particular order of priority with respect to such expenses. All expenses shall be borne by the Issuer.

4.2. WHY IS THIS PROSPECTUS BEING PRODUCED?

4.2.1. The use and estimated net amount of the proceeds

The net proceeds from the Series 2, Tranche 1 Bonds (which are expected to amount up to €11,000,000) will be used for the following purposes:

(i) the amount of €7,000,000 will be loaned by the Issuer to JD Operations Limited, pursuant to an extension to the JD Capital – JDO loan, for the purpose of the Hal Far Phase 2 Financing; and

(ii) the amount of up to €4,000,000 will be loaned by the Issuer to JD Birkirkara Limited, pursuant to the JD Capital – JDB loan, for the purposes of the Birkirkara Office Complex Financing.

4.2.2. Underwriting agreement

The Bond Issue is not underwritten.

4.2.3. Conflicts of Interest

Mr Josef Dimech is the sole ultimate beneficial owner of the Issuer and the Group and sits as a director of JD Operations Limited and JD Birkirkara Limited, being the operating subsidiaries of the Issuer and companies in which Mr. Dimech has an ultimate beneficial ownership interest. Accordingly, Mr Dimech is susceptible to conflicts between the potentially diverging interests of the different companies forming part of the Group. Other than those disclosed above, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Issuer or the Group.

ANNEX II – LIST OF AUTHORISED INTERMEDIARIES

Name	Address	Telephone
Calamatta Cuschieri Investment Services Limited	Ewropa Business Centre Triq Dun Karm Birkirkara BKR 9034	+356 25 688 688
FINCO Treasury Management Limited	The Bastions, Office No 2 Emvin Cremona Street Floriana FRN 1281	+356 21 220 002
Michael Grech Financial Investment Services Limited	The Brokerage St Marta Street Victoria, Gozo VCT 2550	+356 22 587 000

ANNEX III – FINANCIAL ANALYSIS SUMMARY

Calamatta Cuschieri

The Directors
JD Capital p.l.c.
HHF303, Industrial Estate,
Hal Far, Birzebbugia,
BBG3000,
Malta

16 June 2023

Re: Financial Analysis Summary – 2023

Dear Board Members,

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 on 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 JD Capital p.l.c. (the “**Issuer**”) as explained in part 1 of the Analysis. The data is derived from various sources, including the Base Prospectus of the Issuer dated 3 October 2022 (the “**Base Prospectus**” or “**Prospectus**”) or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2020, 2021 and 2022 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the financial years ending 2023 and 2024 has been provided by management.

(c) Our commentary on the Issuer’s results and financial position is based on the explanations set out by the Issuer in the Prospectus and on the MFSA Listing Policies.

(d) The ratios quoted have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in the Issuer’s securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Potential investors are encouraged to seek professional advice before investing in the Issuer’s securities.

Yours sincerely,

Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS
SUMMARY 2023

JD Capital p.l.c.

16 June 2023

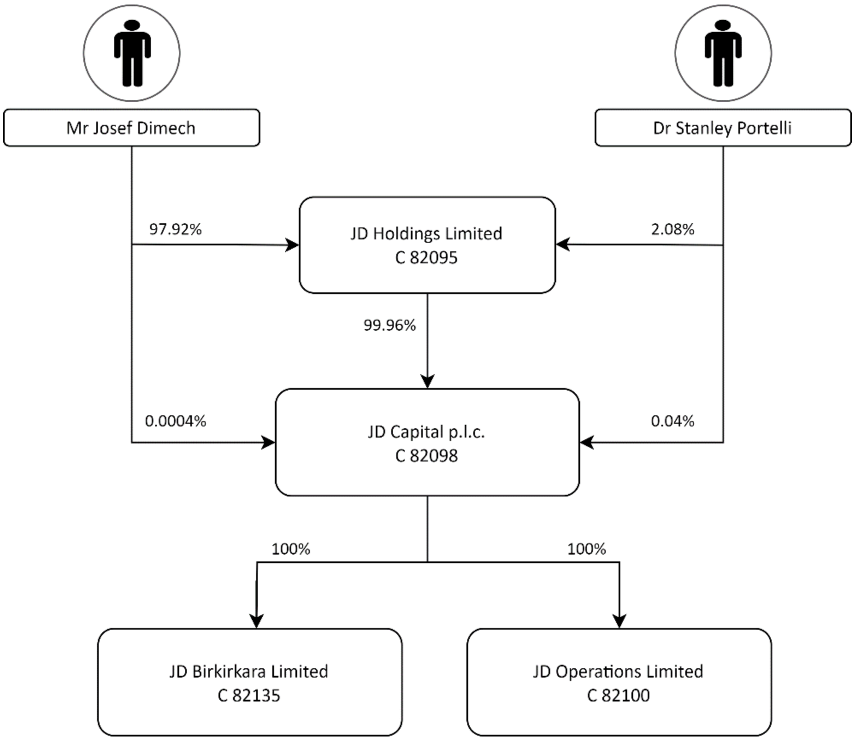
Prepared by
Calamatta Cuschieri Investment Services Limited

Table of Contents

Part 1 Information about the Group

1.1 Issuer's Key Activities and Structure

The Group structure is as follows:



The Issuer was incorporated on 9 August 2017 and has, at the date of this Analysis, an authorised and issued share capital of €7,546,700 divided into 7,543,621 Ordinary Shares of €1 each and 3,079 Ordinary A shares of €1 each, all fully paid up. The Issuer along with its two subsidiaries constitute the "**Group**". The Issuer acts as both the holding company and financing arm to its subsidiaries. JD Capital p.l.c. is a fully owned subsidiary company of JD Holdings Limited, except for 3,079 ordinary A shares held by Dr Stanley Portelli ("**SP**") and 31 ordinary shares held by Mr Josef Dimech ("**JD**").

JD Holdings Limited ("**JDH**") was incorporated on 9 August 2017. The authorised share capital of JDH consists of 10,000 ordinary shares made up of 9,900 ordinary shares and 100 ordinary A shares, all of nominal value of €1. As at the date of this Analysis, the issued share capital of JDH was of €4,800, made up of 4,700 ordinary shares held by JD and 100 ordinary A shares held by SP.

JD, through his shareholding in JDH, is the majority shareholder of the Group. JD has over 30 years' experience in the business of aluminium, steel, and stainless steel works. JD started working in wrought iron at the age of 16 with his father in a small garage in Msida. In 2004, at the age of 25, JD set up JSDimech Limited ("**JSD**"), which was controlled by himself as an individual and which went from strength to strength reaching a revenue figure of €10.8m in 2016. In 2018, JD founded the Group and transferred all operations from JSD to the Group.

JD Birkirkara Limited ("**JDB**") and JD Operations Limited ("**JDO**") are subsidiaries of the Issuer. JDB was incorporated on 11 August 2017 and has an authorised and issued share capital of 200,000 shares with nominal value of €1 per share, which are fully paid up and owned by the Issuer. JDB's principal activity is to act as a property investment company.

JDO was incorporated on 9 August 2017 and has an authorised and issued share capital of 3,501,200 shares with a nominal value of €1 each, which are fully paid up and owned by the Issuer. JDO's principal activity is to manufacture, assemble and install aluminium, steel, wrought iron, large-scale glass formats and stainless steel works.

The Group operates in mainly two lines of business, these being the manufacturing business line and the property development business line. The manufacturing business line includes the production and installation of wrought iron, apertures, steel railings, curtain walling, structural glazing, steel structures, composite cladding, large glass and different door systems. On the other hand, the property development line includes the development of the Birkirkara site for commercial use.

As mentioned previously, in 2018, JD commenced a restructuring process whereby the operations of the manufacturing and the Birkirkara property, which were previously under JSD, were transferred to the Group for a total consideration of €11.9m. The key terms of the transfer included the site in Hal Far, plant and equipment and intellectual property with a combined value of €11.9m to be transferred to JDO whilst the site in Birkirkara which was valued at €4m to be transferred to JDB. These major assets are discussed further in section 1.3.

As per the Final Terms document dated 3 October 2022 issued by the Issuer, the Issuer issued €14m secured bonds maturing in 2032 (the "**Series 1 Bonds**"). These bonds trade on the Official List of the Malta Stock Exchange. The net proceeds from the Series 1 Bonds were used in the following manner:

- €5.0m was used for allocation to bondholders of the 2018 Prospects MTF Bonds (as defined in the previous Financial Analysis Summary dated 3 October 2022);
- €5.0m is being used for the financing of phase 1 of the development of the Hal Far site (explained in section 1.4.1 below); and
- €3.6m was kept for general corporate funding purposes.

1.2 Directors and Key Employees

Board of Directors - Issuer

As of the date of this Analysis, the following persons constitute the board of directors of the Issuer:

Name	Office Designation
Mr Josef Dimech	Executive Director
Dr Jesmond Manicaro	Independent Non-executive Director
Mr Stephen Muscat	Chairman and Independent Non-executive Director
Mr Jonathan Pace	Non-executive Director
Dr Stanley Portelli	Independent Non-executive Director

The business address of all of the directors is the registered office of the Issuer.

Dr Malcolm Falzon is the company secretary of the Issuer.

The board of the Issuer is composed of five directors who are entrusted with its overall direction and management. The executive directors are in charge of the decision-making and the day-to-day management of the Issuer, whereas the non-executive directors, all of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny.

The senior management team of the Group consists of:

Name	Designation
Mr Josef Dimech	Executive Director Business Development
Mr Franco Azzopardi	Chief Executive Officer
Mr Robert Zammit Lucas	Chief Financial Officer
Mr Clint Agius	Chief Operating Officer

1.3 Major Assets owned by the Group

1.3.1 Hal Far site

On 6 March 2018, INDIS Malta Ltd ("**INDIS**") granted JDO a temporary emphyteusis contract for a period of 65 years relating to a site in the Hal Far Industrial Estate. The site has a footprint of 16,245m^2 consisting of a manufacturing plant of 5,308m^2 and adjoining land of 10,937m^2.

The factory within the site includes a stainless steel and aluminium manufacturing area, a steel section manufacturing area, an alucabond section, a spray-painting block, a glass section, and an administration block. The Hal

Far site was last valued at €17m. The Group negotiated with INDIS to allow JDO to use the site as collateral for the Bonds and use the site for additional activities unrelated to JDO's core business.

1.3.2 Birkirkara site

The site in Birkirkara is situated in Triq Dun Karm, corner with Triq Kanonku Karm Pirotta, with a total area of 1,437m^2. This site was originally purchased by JSD on 12 May 2015. It was then transferred to JDB on 8 March 2018 for €4m. JD Birkirkara Limited submitted a development permit application for the development of the Birkirkara Site into a commercial office block, comprised of *circa* 4,000m^2 of office space over six overlying floors, together with 128-car spaces over five underlying floors, for a total built up space of 10,000m^2.

The Group submitted a development request (PA/04895/16) on 23 June 2016 to remove the existing columns stubs and excavate the Birkirkara site a depth of 18 metres. This application was followed by another development request (PA/04369/19) for six-car park levels, a store and six floors of Class A offices. To this end, JD Birkirkara Limited obtained development permits relative to both above applications on 31 August 2022. As per valuation dated 1 September 2022, this is valued at €5.4m.

1.4 Operational Developments

1.4.1 Hal Far site

The re-development of the Hal Far site will be split into two phases. It is envisaged that the footprint of the manufacturing plant within the site will increase from 5,308m^2 to 19,812m^2. This increase in land area will consist of an office block which will be suspended over a three-storey high steel truss of 1,722m^2, an industrial area of 19,812m^2, a loading and storage area of 3,427m^2, and a common area of 2,050m^2. The extension is expected to be constructed using steel framing manufactured by JDO itself.

Phase 1 of the development constitutes the construction of the factory extension and offices whilst phase 2 relates to the construction of the rentable area which is expected to generate substantial revenue for the Group.

Management confirmed that phase 1 of the development of the Hal Far site is underway, with the detailed design and process of the procurement of the structure being completed, and the procurement of steel sections and excavation nearing completion. Management confirmed that it is expected that this phase 1 will be completed by H2 2023 in line with original projections.

1.4.2 Issuance of Series 2 Bonds

It is the intention of the Issuer to issue another €11m worth of bonds, being the second series of the Secured Bonds Issuance Programme as defined in the Base Prospectus (the "**Series 2 Bonds**").

The proceeds of the Series 2 Bonds, as explained in detail in the Base Prospectus, will be utilised as follows:

- the amount of €7.0m for the financing of phase 2 of the redevelopment of the Hal Far site; and
- the amount of €4.0m for the financing of the Birkirkara Office Complex (as defined in the Base Prospectus).

Part 2 Historical Performance and Forecasts

The Issuer's historical financial information for the three years ending 31 December 2020, 2021 and 2022, as set out in the audited financial statements of the Issuer may be found in section 2.1 to 2.3 of this Analysis. These sections also include the projected performance of the Issuer for the years ending 31 December 2023 and 2024. Moreover, the Group's historical financial information for the three years ending 31 December 2020, 2021 and 2022, together with the Group's projected performance for the years ending 31 December 2023 and 2024 are set out in section 2.4 to section 2.6.

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecasts and actual results may be material.

2.1 Issuer'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	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**	**-**
Administrative expenditure	(50)	(61)	(162)	(54)	(55)
EBITDA	**(50)**	**(61)**	**(162)**	**(54)**	**(55)**
Depreciation and amortisation	(10)	(11)	(13)	(81)	(81)
EBIT	**(60)**	**(72)**	**(175)**	**(135)**	**(136)**
Finance cost	(250)	(250)	(393)	(1,009)	(1,339)
Finance income	1,130	318	342	931	1,406
Impairment of financial assets	-	-	(11)	-	-
Profit / (loss) before income tax	**820**	**(4)**	**(237)**	**(213)**	**(69)**
Taxation charge	(284)	(66)	-	-	-
Profit / (loss) for the year	**536**	**(70)**	**(237)**	**(213)**	**(69)**

As mentioned in section 1.1 of the Analysis, the Issuer acts as both the holding and financing arm of the Group and as such has no operations itself. It is because of this that the Issuer has no revenue or cost of sales in the its financial statements.

Administrative expenses, which had been stable in FY20 and FY21, increased by over 100% in FY22 due to non-budgeted costs on the exchange from the Prospects MTF Bonds to the Series 1 Bonds. These are expected to return to FY21 levels in the coming two years.

Amortisation of bond issue costs remained stable during FY22 given that the Series 1 Bonds were issued towards the end of Q4. To that end, these are expected to increase from FY23 onwards given the issue costs on the Series 1 Bonds.

Finance costs represent the interest payable to the bondholders and were therefore stable up to FY21. These increased in FY22 following the issuance of the Series 1 Bonds. These will increase further in FY23 and FY24 following the issuance of the Series 2 Bonds during FY23.

Finance income is made up of interest receivable from related parties and dividend income. Management explained that this was lower than expected due to a) a delay in the granting of an intercompany loan, and b) a timing difference in the disbursement of interest income relating to an existing intercompany loan. The timing difference explained in point (a) will persist up until such time that all the bond proceeds have been released from the security trustee. As a result of this, the Issuer reported a loss after tax of €237k and is expected to report further small losses in FY23 and FY24.

The finance income of the Issuer is expected to increase once all the proceeds of the Bond Issuance Programme have been released by the security trustee and subsequently lent out to Group companies. Therefore, in the long term, the Issuer will generate sufficient income to cover all its obligations.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position as at 31 December	2020A	2021A	2022A	2023F	2024P
	€'000s	€'000s	€'000s	€'000s	€'000s
Assets					
Non-current assets					
Financial assets at amortised cost	4,885	4,885	7,004	17,102	23,414
Investment in subsidiaries	7,502	7,502	7,502	7,502	7,502
Total non-current assets	**12,387**	**12,387**	**14,506**	**24,604**	**30,916**
Current assets					
Financial assets at amortised cost	53	56	45	45	45
Trade and other receivables	201	202	6,650	6,925	225
Cash and cash equivalents	-	-	10	82	482
Total current assets	**254**	**258**	**6,705**	**7,052**	**752**
Total assets	**12,641**	**12,645**	**21,211**	**31,656**	**31,668**
Equity					
Share capital	245	7,547	7,547	7,547	7,547
Other equity	7,302	-	-	-	-
Retained earnings	19	(51)	(288)	(501)	(571)
Total equity	**7,566**	**7,496**	**7,259**	**7,046**	**6,976**
Liabilities					
Non-current liabilities					
Borrowings	4,906	4,917	13,625	24,291	24,373
Total non-current liabilities	**4,906**	**4,917**	**13,625**	**24,291**	**24,373**
Current liabilities					
Borrowings	3	3	237	225	225
Current tax liabilities	-	48	-	-	-
Trade and other payables	166	181	90	94	94
Total current liabilities	**169**	**232**	**327**	**319**	**319**
Total liabilities	**5,075**	**5,149**	**13,952**	**24,610**	**24,692**
Total equity and liabilities	**12,641**	**12,645**	**21,211**	**31,656**	**31,668**

In line with the Issuer's function as the finance arm and the holding company of the Group, its non-current assets are made up of financial assets at amortised cost and investments in subsidiaries. The former have increased in FY22 following the issuance of the Series 1 Bonds, the proceeds of which were made available to subsidiaries in the form of loans. As explained in section 2.1 above, the Issuer experienced a delay in the release of the proceeds of the Series 1 Bonds and, hence, the granting of an intercompany loan, thus resulting in less financial assets than previously forecasted. This is expected to increase during FY23 following the release of the balance of the proceeds of the Series 1 Bonds as well as the issuance of the Series 2 Bonds. Provided that proceeds of the Series 2 Bonds are released by the security trustee when the relevant requirements are met (in line with the Base Prospectus of the Issuer dated 3 October 2022), the Issuer expects the full amount to be received during FY24.

Following the aforementioned, the Issuer reported the proceeds of the Series 1 Bonds not released by the security trustee as at end of FY22 as trade and other receivables, thus resulting in this being higher than previous years. At the end of FY23, the Issuer expects these trade and other receivables to be approximately the same as FY22 due to retention of an amount of proceeds of the Series 2 Bonds by the security trustee. Once the proceeds of both series of the Bond Issuance Programme have been released, the Issuer does not expect any other non-cash and cash equivalents fluctuations going forward.

Total equity has been stable for a number of years, at around €7.5m. In FY21, amounts owed to the parent company which were part of other equity were converted into shares and have since been part of the Issuer's share capital. The only envisaged changes in total equity are its retained earnings as at end of year.

The Issuer's non-current liabilities are made up exclusively of its outstanding bonds, which increased following the issuance of the Series 1 Bonds and will increase further following the issuance of the Series 2 Bonds.

Current liabilities have been stable for the past few years and the Issuer does not envisage notable fluctuations to these.

2.3 Issuer's Statement of Cash Flows

Statement of Cash Flows for the year ended 31 December	2020A	2021A	2022A	2023F	2024P
	€'000s	€'000s	€'000s	€'000s	€'000s
Cash flows from operating activities					
Profit before tax	**820**	**(4)**	**(237)**	**(213)**	**(69)**
Adjustments for:					
Finance costs	250	250	292	1,009	1,339
Impairment on financial assets	-	-	11	-	-
Amortisation of bond issue costs	10	11	86	81	81
Finance and dividend income	(318)	(318)	(342)	(931)	(1,406)
	762	**(61)**	**(190)**	**(54)**	**(55)**
Movement in working capital					
Movement in trade and other receivables	-	(1)	(6,438)	(275)	6,700
Movement in trade and other payables	(2)	15	(3)	4	-
Cash flows from operations	**760**	**(47)**	**(6,631)**	**(325)**	**6,645**
Interest received	252	319	342	931	1,324
Taxation paid	(284)	(19)	(48)	-	-
Net cash flows generated from / (used in) operating activities	**728**	**253**	**(6,337)**	**606**	**7,969**
Cash flows from investing activities					
Movement in amounts due from subsidiary and related parties	59	(3)	(2,131)	(10,098)	(6,312)
Net cash flows generated from / (used in) investing activities	**59**	**(3)**	**(2,131)**	**(10,098)**	**(6,312)**
Cash flows from financing activities					
Net proceeds from bonds issue	-	-	8,623	10,585	82
Interest paid	(250)	(250)	(379)	(1,009)	(1,339)
Movement in amounts due to subsidiary	(10)	-	234	(12)	-
Dividends paid	(527)	-	-	-	-
Net cash flows generated from / (used in) financing activities	**(787)**	**(250)**	**8,478**	**9,564**	**(1,257)**
Movement in cash and cash equivalents	**-**	**-**	**10**	**72**	**400**
Cash and cash equivalents at start of year	-	-	-	10	82
Cash and cash equivalents at end of year	**-**	**-**	**10**	**82**	**482**

As the finance arm of the Group, the Issuer's cash flows from operating activities mainly consist of movements relating to interest payable to bondholders and interest receivable from related companies. In FY22, FY23 and FY24, the cash flows reflect movements related to the bond proceeds of the two series of the Bond Issuance Programme. As explained in section 2.2 above, part of the bond proceeds were initially held by the security trustee rather than being passed on directly to the Issuer, necessitating the requirement to account for these amounts as receivables rather than directly as cash. This is a departure from the original forecasts published on the issue of the Series 1 Bonds, wherein it was forecasted that the entirety of the bond proceeds will be transferred directly to the Group.

The majority of cash flows used in investing activities and those relating to financing activities refer to the disbursements of bond proceeds. The only expected inflows or outflows in investing or financing activities in the next two financial years are the release of the bond proceeds and the interest on all outstanding bonds.

2.4 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	-	5,098
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**	**5,843**
Taxation charge	(412)	(309)	(199)	(98)	(1,059)
Profit / (loss) for the year	**409**	**160**	**218**	**(31)**	**4,784**

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Profitability					
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%	31.3%
Return on Common Equity (Net Income / Average Equity)	4.7%	1.3%	1.3%	-0.2%	23.7%
Return on Assets (Net Income / Average Assets)	1.3%	0.4%	0.4%	0.0%	6.8%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	8.7%	6.0%	2.7%	3.4%	4.4%
EBITDA Growth	7.4%	-8.9%	-42.9%	72.0%	38.4%

The Group generates the majority of its revenue through the carrying out of contracts of works. Revenue during FY22 was less than previous years, with management attributing this to the general election in Malta during the year, which resulted in a number of contracts being put on hold pending political stability. The Group expects to report a 20% increase in revenue over FY22, with most of FY23 revenue already contracted for. Said FY23 revenue consists of a) a mix of completion of material contracts which commenced in prior years, b) work on a major significant project which will commence in FY23, and c) smaller-sized projects in which the Group is involved.

Gross Profit Margin increased slightly, from 16.2% in FY21 to 17.5% in FY22, as a result of efficiencies in the production process. This is forecast to increase further in FY23 and FY24.

Administrative expenses were higher in FY22 given that the Group incurred additional one-off costs for the issuance of the Series 1 Bonds. No significant fluctuations are forecast for FY23 and FY24.

Finance costs for the year were slightly higher due to the increase of interest payable on the Series 1 Bonds issued towards the end of FY22, as well as the taking up of bank financing. These costs are forecast to increase in FY23 given the full year interest on the Series 1 Bonds and the partial year interest on the Series 2 Bonds. Finance costs in FY24 include the full year interest on both series of the Bond Issuance Programme.

After taking into account a revaluation on the Birkirkara site during FY22, the Group ended up reporting a profit before tax of approximately €0.4m. Management explained that the Group is expecting to revalue the Birkirkara site in FY24 following its development. This expected increase in value of €5.1m is expected to result in a profit before tax of *circa* €5.8m.

2.4.1 Variance Analysis

Statement of Comprehensive Income for the year ended 31 December	2022F	2022A	Variance
	€'000s	**€'000s**	**€'000s**
Revenue	14,614	11,832	(2,782)
Cost of sales	(11,913)	(9,756)	2,157
Gross profit	**2,701**	**2,076**	**(625)**
Selling and distribution	(151)	(141)	10
Administrative expenses	(838)	(1,007)	(169)
Other income	-	213	213
EBITDA	**1,712**	**1,141**	**(571)**
Depreciation and amortisation	(997)	(955)	42
EBIT	**715**	**186**	**(529)**
Revaluation of investment property	-	971	971
Finance cost	(796)	(724)	72
Finance income	74	42	(32)
Other losses	-	(2)	(2)
Impairment of financial assets	-	(56)	(56)
Profit / (loss) before tax	**(7)**	**417**	**424**
Taxation charge	(33)	(199)	(166)
Profit / (loss) for the year	**(40)**	**218**	**258**

Revenue for the year, as explained in section 2.4 above, was lower than projected (by *circa* €2.8m) due to the general election in 2022. To note, however, that Gross Profit Margin was in the same region as projected, with a slight increase of 1%, resulting in a Gross Profit of *circa* €2.1m when compared to the projected Gross Profit of *circa* €2.7m.

Administrative expenses were higher than those projected largely due to costs related to the exchange from the Prospects MTF Bonds to the Series 1 Bonds.

On the other hand, the Group received other income in the form of a management fee from a related party of *circa* €0.2m which was not previously forecasted.

As per the above variance analysis between the forecasts for FY22 and the audited financial statements of FY22, the Group reported an EBITDA of €0.6m less than forecasted, mainly attributable to lower revenues.

Depreciation and amortisation charges for the year were in line with the amounts forecasted.

A notable variance between the Group's forecasts and its actual results was the property revaluation on the Birkirkara site, which was not previously forecasted. This resulted in the Group reporting a profit before tax of approximately €0.4m.

The Group incurred a taxation charge of €0.2m, which is more than what was forecasted. Despite this, the Group still made a profit of €0.2m, which was higher than the previously-forecasted loss of €40k.

2.5 Group's Statement of Financial Position

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	9,982
Retained earnings	1,024	1,183	1,401	1,344	6,126
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**

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Financial Strength					
Gearing 1 (Net Debt / Net Debt and Total Equity)	61.6%	46.1%	57.5%	67.2%	58.4%
Gearing 2 (Total Liabilities / Total Assets)	74.2%	64.9%	70.8%	76.0%	66.6%
Gearing 3 (Net Debt / Total Equity)	160.26%	85.41%	135.30%	204.46%	140.29%
Net Debt / EBITDA	6.3x	7.1x	19.9x	17.4x	12.2x
Current Ratio (Current Assets / Current Liabilities)	0.9x	1.2x	1.7x	1.7x	1.0x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.8x	1.1x	1.6x	1.6x	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

The Group's fixed assets are mostly made up of its property, plant and equipment ("**PPE**") and investment property. As at 31 December 2022, the majority of its PPE was the Hal Far site, and its investment property was the Birkirkara site. The latter is being categorised as investment property in FY22 following a change in the accounting policy adopted by the Group vis-à-vis investment property held by the Group, from the cost model as per the provisions set out in IAS 16, 'Property, Plant and Equipment', to the fair value model in terms of IAS 40, 'Investment Property'.

The Group's PPE as at the end of FY22, when one excludes the aforementioned Birkirkara property, was in line to that previously forecasted. The Group's PPE is expected to increase in FY23 and FY24 in line with the planned investments to be made to the Hal Far site with the bond proceeds.

During FY23, JDO acquired a property as partial settlement in kind in relation to a project undertaken by the Group. The property was acquired for €6.5m and will be considered as investment property along with the Birkirkara site. €3.5m of the amounts due on this acquisition was settled through works carried out by JDO.

Financial assets at amortised cost (non-current) as at end of FY22 were *circa* €1.7m. These were less than those projected for the year. One of the reasons for this is that part of the receivable was reclassified to a current asset rather than a long-term asset. This, in turn, had the opposite effect on the current balance, which is higher than the amount initially projected. There was also a settlement of a receivable (HUGO Project) which was initially projected to be received after FY22 year-end, further decreasing the reporting financial asset balance when compared to the original forecasts.

The current assets of the Group increased in FY22, with the main increases being the current financial assets at amortised cost, contract assets and its trade and other receivables.

Financial assets at amortised cost represent, in the main, loans to related parties. These are being settled throughout FY23 and are expected to amount to *circa* €0.5m by the end of the year.

With regard to its contract assets, management attributed this increase to accrued income on works done at the Quad, Central Business District. These are seen to decrease in FY23 following the settlement of these balances. The Group expects its contract assets to remain at the same levels in the coming years.

The Group's short-term trade and other receivables increased by *circa* €4.2m from FY21 to FY22, with this being a result of the reclassifications explained previously in this section, as well as the proceeds of the Series 1 Bonds held at the security trustee at year end as explained in section 2.2. These are forecasted to cumulatively increase by year-end FY23 following a combination of the release of the remainder of the Series 1 Bond proceeds and the retention by the security trustee of the Series 2 Bond proceeds. As detailed in the Base Prospectus of the Issuer dated 3 October 2022, the security trustee will only release the proceeds upon the fulfilment of a number of conditions, principally amongst them the completion of the development for which the bond proceeds will be utilised. As a result of this, the bond proceeds as receivables rather than cash in hand. Following the expected release of the Series 2 Bond proceeds by the security trustee during FY24, the Group does not forecast any extraordinary fluctuations shy of the regular settlement process adopted in this regard.

The Group does not expect any fluctuations in its current assets from FY24 onwards, with the only variable being its end of year cash and cash equivalents balance.

On 4 May 2021, the Group capitalised its portion of other equity into issued share capital. FY21 also saw a revaluation of €7.9m on the Hal Far site, which pushed total equity up to €16.6m from €8.6m in FY20. Total equity as at end of FY22 remained unchanged.

The Group's revaluation reserve remained unchanged and is not forecast to vary until FY24. Management explained that the revaluation reserve will not increase in FY23 as was previously expected, given that phase 1 (Series 1 Bonds use of proceeds) will be finished by end of FY23, following which a revaluation will take place. Management added that, given the timing of finalisation, the revaluation of the Hal Far site is expected to be finalised by the beginning of FY24, with the revaluation reserve increasing accordingly as at the end of that year.

As at year-end FY22, the Group's outstanding borrowings (both long-term and short-term) were composed of the Series 1 Bonds in issue (net of amortised bond issue costs) and other bank facilities, which include a Malta Development Bank loan and a revolving facility with a local credit institution. Management explained that there was a further increase in borrowings of €3m relating to the difference between the amount of receivable settled by means of the acquisition of investment property, as explained previously in this section, and the value of the said investment property.

For the period FY22 to FY23, the main increase in liabilities represents the issue of the two series under the Secured Bond Issuance Programme which, in total, increased the Group's indebtedness by €20m.

Deferred tax liabilities increased slightly in FY22 mainly due to the revaluation of the Hal Far site as explained in section 1.3.2. These are expected to increase in FY24 following the planned revaluation of the Hal Far site as explained previously in this section.

Total current liabilities increased by €0.7m from FY21 to FY22, with the main fluctuations being contract liabilities and trade and other payables. Same as contract assets, the Group considers contract liabilities to remain stable in line with the ordinary course of business, with the only fluctuations being a result of a timing factor vis-à-vis the Group's year end and the deferred expenditure at that time.

The Group's gearing situation saw an increase in FY22, which is expected to persist into FY23 due to the issuance of the Series 1 Bonds and the Series 2 Bonds, respectively. It is expected that this will start to decrease as from FY24.

2.6 Group's Statement of Cash Flows

Statement of Cash Flows for the year ended 31 December	2020A	2021A	2022A	2023F	2024P
	€'000s	€'000s	€'000s	€'000s	€'000s
Cash flows from operating activities					
Profit before tax	**821**	**468**	**418**	**67**	**5,843**
Adjustments for:					
Finance costs	525	584	717	1,247	1,275
Depreciation and amortisation	788	832	955	726	776
Revaluation of investment property	-	-	(971)	-	(5,098)
Impairment on financial assets	200	297	(50)	-	-
Amortisation of bond issue costs	10	11	86	81	81
Loss on disposal of motor vehicles	90	12	2	-	-
Finance and dividend income	(241)	(206)	(42)	(77)	(80)
	2,193	**1,998**	**1,115**	**2,044**	**2,797**
Movement in working capital					
Movement in inventories	727	(154)	165	-	-
Movement in trade and other receivables	(3,609)	(7,131)	(9,549)	734	13,019
Movement in trade and other payables	(252)	3,619	997	555	(3,957)
Cash flows from operations	**(941)**	**(1,668)**	**(7,272)**	**3,333**	**11,859**
Interest paid	(65)	-	-	-	-
Taxation paid	(1)	(60)	(220)	(785)	(2,428)
Net cash flows generated from / (used in) operating activities	**(1,007)**	**(1,728)**	**(7,492)**	**2,547**	**9,431**
Cash flows from investing activities					
Acquisition of property, plant and equipment	(537)	(217)	(144)	(8,219)	(3,367)
Intangible assets	-	(1)	-	-	-
Movement in amounts due from related company	-	-	-	-	-
Investment property	(4)	-	-	(1,000)	(3,000)
Receipt from disposal of motor vehicles	23	2	2	-	-
Interest received	241	-	-	-	-
Movement in amounts due from subsidiary and related parties	(313)	(591)	(45)	-	-
Receipts from loan	286	2,349	-	-	-
Net cash flows generated from / (used in) investing activities	**(304)**	**1,542**	**(187)**	**(9,219)**	**(6,367)**
Cash flows from financing activities					
Net proceeds from bonds issue	-	-	8,622	10,900	-
Interest paid	(463)	(407)	(630)	(1,268)	(1,533)
Movement in amounts due to subsidiary	309	(104)	8	-	-
Interest paid on lease liabilities	-	(177)	(175)	(175)	(175)
Payment on finance leases	(33)	(34)	(36)	(36)	(36)
Advance / (repayment of bank loans)	(2,313)	(1,680)	(2,856)	(1,551)	(1,616)
Net proceeds from borrowings	4,783	2,438	3,767	-	-
Dividends paid	(527)	-	-	-	-
Net cash flows generated from / (used in) financing activities	**1,756**	**36**	**8,700**	**7,870**	**(3,360)**
Movement in cash and cash equivalents	**445**	**(150)**	**1,021**	**1,198**	**(296)**
Cash and cash equivalents at start of year	(434)	11	(140)	881	2,079
Cash and cash equivalents at end of year	**11**	**(139)**	**881**	**2,079**	**1,783**

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
	€'000s	€'000s	€'000s	€'000s	€'000s
Cash Flow					
Free Cash Flow (Net cash from operations + Interest - Capex)	(1,394)	(1,884)	(7,414)	(5,886)	5,492

The Group reported a profit before tax of €0.4m at the end of FY22. Following adjustments for non-cash items, tax paid, and movements in its working capital, the latter of which is explained in detail in section 2.5, the Group reported an outflow of €7.5m in operating activities. This outflow is higher than the previous years. Management highlighted that the main reasons for such an outflow were the movements in its receivables as a result of bond proceeds being held by the security trustee and accounted for as a receivable. This movement is projected to reverse by the end of FY24 when the bond proceeds are expected to be released by the security trustee. The Group is expecting a positive cash flow from operating activities in FY23 and FY24.

There were no material inflows and outflows from investing activities during FY22. For FY23 and FY24, the Group is expecting to make material investments with the deployment of the bond proceeds utilised to develop the Hal Far site and the Birkirkara site.

The Group's cash flows generated from financing activities was a result of the proceeds of the Series 1 Bonds, adjusted slightly by standard payments such as interest and bank loan repayments. Management highlighted that the loan for the HUGO project, as explained in the previous Financial Analysis Summary forming part of the Final Terms dated 3 October 2022, was paid off during the final days of FY22. This outflow was offset by the drawdowns of bank facilities.

The Group reports a closing cash balance of *circa* €0.9m at the end of FY22. It is expected that the Group will have an adequate liquidity position moving forward as it deploys its financing on the two major projects in Hal Far and Birkirkara. The Group projects a closing cash position of *circa* €2.1m in FY23 and circa €1.8m in FY24.

Part 3 Key Market and Competitor Data

3.1. General Market Conditions

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2023. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.2. Economic Update[1]

The Bank's Business Conditions Index (BCI) [issued by the Central Bank of Malta] indicates that in April, annual growth in business activity increased, rising further above its long-term average, estimated since January 2000.

The European Commission's confidence surveys show that sentiment in Malta increased compared to March, and stood above its long-term average, estimated since November 2002. In month-on-month terms, sentiment increased across all sectors, bar the services sector, with the strongest increase recorded in the construction sector.

Additional survey information shows that price expectations stood firmly above their year-ago level in the construction sector, and to a lesser extent, among services firms. By contrast, price expectations in industry, the retail sector and among consumers, stood considerably lower.

The European Commission's Economic Uncertainty Indicator (EUI) for Malta increased when compared with March, though it was still lower than last year's April level. Uncertainty increased mostly in industry.

In March, industrial production and retail trade grew at a slower rate compared to February. The unemployment rate stood at 2.9% in March, marginally lower than the rate of 3.0% registered in the previous month, and that registered in March 2022.

Commercial building and residential permits decreased in March relative to their year-ago level. In month-on-month terms, commercial permits increased while residential permits declined. In April, the number of promise-of-sale agreements rose on a year-on-year basis, while the number of final deeds of sales fell. Meanwhile, both the number of promise-of-sale agreements and the number of final deeds of sale fell on a month-on-month terms.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 6.4% in April, down from 7.1% in the previous month. Inflation based on the Retail Price Index (RPI) decreased to 5.8% from 7.0% in March.

Maltese residents' deposits expanded at an annual rate of 1.6% in March, following an increase of 3.6% in the previous month, while annual growth in credit to Maltese residents moderated to 5.4%, from 6.4% a month earlier.

In March, the Consolidated Fund recorded a lower deficit compared to a year earlier, as higher government revenue outweighed a smaller rise in government expenditure.

3.3. Economic Outlook[2]

In 2023, domestic demand is expected to be the main driver of growth as investment begins to recover after last year's contraction, while consumption is expected to remain relatively robust. The net export contribution is expected to be marginal in 2023, as exports should grow at a significantly slower rate following the strong rebound seen in 2022. Although the contribution of net exports is set to edge up slightly in 2024 and 2025, domestic demand is then expected to remain the main driver of growth in those years.

Employment growth is set to moderate too, from 5.4% in 2022 to 3.3% in 2023, which partly reflects the envisaged slowdown in economic activity. Over the rest of the projection horizon, employment growth is set to stand at 2.0%. The unemployment rate is expected to stand at 3.0% in 2023, and to remain at a relatively low level of 3.2% in 2024 and 2025.

In view of the increase in inflation in 2023, together with tight labour market conditions, wage growth is projected to be relatively strong. Nevertheless, nominal wage growth is forecast to remain below consumer price inflation in 2023 due to lags in the transmission from prices to wages. In later years wage growth is expected to remain robust and outpace consumer price inflation.

[1] Central Bank of Malta – Economic Update 5/2023

[2] Central Bank of Malta – Economic Projections 2022 – 2025 (02/2023)

Annual inflation based on the Harmonised Index of Consumer Prices is projected to remain high in 2023, but significantly lower than in 2022. Indeed, it is envisaged to stand at 4.5% in 2023, down from 6.1% in 2022. The fall in inflation reflects a broad-based decrease across all sub-components of HICP, except for energy inflation. Services is envisaged to be the main contributor to HICP inflation, but non-energy industrial goods (NEIG) and processed food are also projected to contribute strongly to annual HICP inflation in 2023. Inflation is set to ease further in 2024 and 2025 to 2.3% and 2.1%, respectively.

The general government deficit-to-GDP ratio is estimated to have declined to 5.2% of GDP in 2022, from 7.5% in 2021. It is then projected to narrow further to 4.9% of GDP in 2023, and to continue declining over the rest of the forecast horizon, reaching 2.9% of GDP by 2025. This improvement is driven by a declining share of expenditure in GDP, especially following the unwinding of COVID-19 support measures in 2022 and the declining profile of inflation-mitigation measures. The general government debt ratio is estimated to have decreased in 2022 and then increase progressively over the rest of the forecast horizon, stabilising at around 58.0% by 2025.

On balance, risks to economic activity are slightly tilted to the downside in 2023 and more balanced thereafter. The main downside risks relate to the possibility of stronger than envisaged weakness in the international economic environment, which could lead to lower exports. Foreign demand may also be weaker than expected, especially if monetary policy in advanced economies tightens more forcibly than assumed in this projection round. Some of these risks could be mitigated by stronger than expected wage growth, which could offer additional support to household consumption.

Risks to inflation are considered as balanced for the entire projection horizon. Indeed, while the effect of upward price pressures on salaries in Malta and an incomplete lagged pass-through of past increases in energy costs in the euro area could increase commodity prices further, the re-opening of China could be seen as a partial reversal of the previous supply shocks. Also, a stronger pass-through of the recent appreciation of the euro, monetary tightening as well as lower international energy and transport costs should result in downward pressures on inflation.

On the fiscal side, risks are on the downside (deficit-increasing) from 2023 onwards. These mainly reflect the likelihood of State Aid to the national airline, though possible weaker economic growth would also have an impact. These risks may be partly offset by the profile of outlays on price mitigation measures, which could be less than projected if oil and gas prices stabilise at lower levels.

3.4. Construction of Commercial Property in Malta

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. This has contributed to an increase in the demand for rental of office and commercial space in Malta. To address such growing demand, the supply of office and commercial space in Malta has considerably increased over the last couple of years. Of note, there are several traditional business areas in Malta. For instance, Sliema attracts many international brands and companies. Likewise, Valletta, being Malta's capital city, is considered as the hub for law firms and many long-established family businesses.

Other traditional commercial areas include the likes of St. Julian's, which is popular for its sea-view offices, and Floriana, which attracts businesses that want to be located in the vicinity of Valletta. In furtherance, there are also top-quality commercial developments within in the proximity of the airport and in other residential areas such as Naxxar, Mosta, Mellieha and in parts of the south of Malta. The variety of commercial and office space in Malta cater for every type of business, from start-ups to established global organisations. In this regard, numerous business centres have recently been developed, with new centres in the pipeline.

Data specifically related to commercial property in Malta is limited, thus making it more challenging to identify the exact state of this sector. Nevertheless, it is evident that Malta has, over recent years, completely evolved and has attracted a numerous amount of foreign companies related to sectors within the financial services, gaming and IT industries. It is therefore apparent that the demand for good commercial property has drastically increased, whereby Malta's property sector has been dominated by a situation of demand seemingly excessing supply. The latter has resulted into high demand for the majority of high-quality commercial developments available for let.

In line with the latest statistical data issued by Eurostat, the index reflecting office building permits within the European Union, indicated business levels similar to 2021 throughout 2022, which were still well above the depressed levels experienced in 2020. In Q1 2022 the index increased slightly to 135.7 from 134.9 in the previous quarter. The index then increased further to 138.8 in Q2 before dropping to 126.4 and 124.9 levels in Q3 and Q4 respectively.

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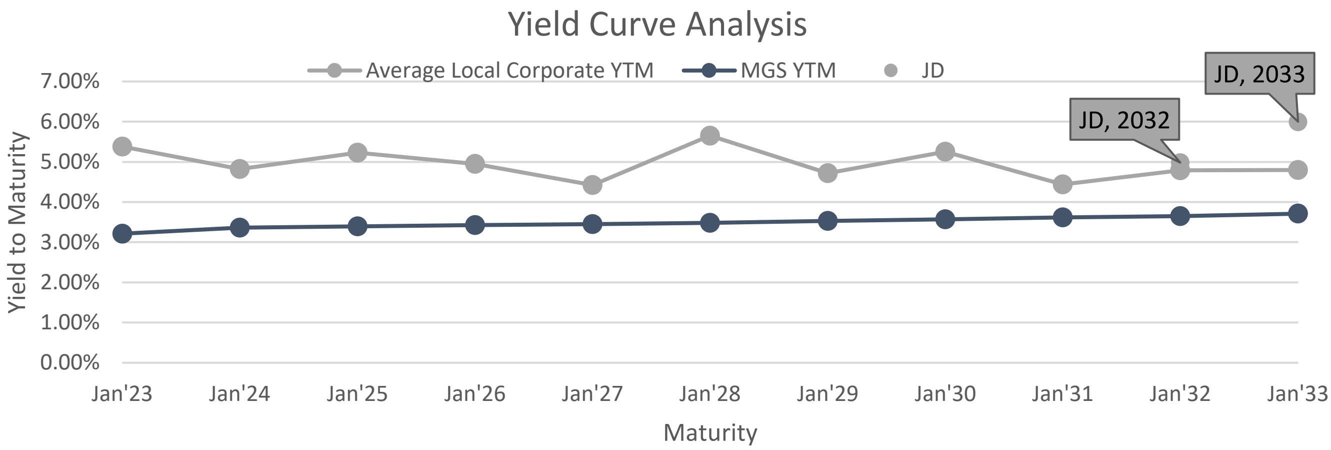
3.5. Comparative Analysis

Security	Nom Value €000's	Yield to Maturity (%)	Interest coverage (EBITDA) (times)	Total Assets (€'millions)	Total Equity (€'millions)	Total Liabilities / Total Assets (%)	Net Debt / Net Debt and Total Equity (%)	Net Debt / EBITDA (times)	Current Ratio (times)	Return on Common Equity (%)	Net Margin (%)	Revenue Growth (YoY) (%)
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.72%	2.6x	179.4	37.2	79.3%	37.5%	3.5x	3.0x	24.1%	22.9%	666.2%
3.65% Mizzi Organisation Finance plc Unsecured € 2028-2031	45,000	4.49%	3.6x	288.7	90.2	68.8%	54.3%	8.6x	0.8x	5.8%	4.4%	0.0%
3.65% IHI plc Unsecured € 2031	80,000	4.36%	0.7x	1,662.0	817.9	50.8%	36.2%	10.7x	0.8x	-0.3%	-1.0%	84.3%
3.5% AX Real Estate plc Unsecured € 2032	40,000	4.57%	2.6x	422.8	248.2	41.3%	30.0%	12.0x	1.1x	-0.1%	-0.7%	8.1%
4.5% Shoreline Mall plc Secured € 2032	26,000	5.20%	(.2)x	58.3	17.4	70.2%	68.5%	(96.4)x	17.2x	-2.3%	N/A	0.0%
4.85% JD Capital plc Secured € 2032 S1 T1	14,000	4.98%	1.7x	57.5	16.8	70.8%	57.5%	18.5x	1.7x	1.3%	1.8%	N/A
5% Von der Heyden Group Finance plc Unsecured € 2032	35,000	5.27%	0.6x	142.0	41.1	71.1%	65.4%	38.4x	2.1x	-2.7%	-7.2%	32.3%
4% Central Business Centres plc Unsecured € 2027-2033	21,000	4.38%	1.3x	58.2	23.8	59.1%	55.3%	18.6x	0.7x	0.8%	10.0%	19.9%
4.75% Dino Fino Finance plc Secured € 2033	7,800	5.00%	(2.0)x	16.5	3.4	79.3%	68.6%	(8.1)x	0.9x	-34.4%	-21.8%	N/A
6% JD Capital plc Secured € 2033 S2 T1	11,000	6.00%	1.7x	57.5	16.8	70.8%	57.5%	18.5x	1.7x	1.3%	1.8%	N/A
	Average	4.75%										

Source: Latest available audited financial statements
*Average figures do not capture the financial analysis of the Issue



The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the yield on the Issuer's proposed bonds.

As at 29 May 2023, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 8-10 years was 109 basis points. Meanwhile, the 4.85% JD Capital plc 2032 bond is trading at a spread of 133 basis points over the equivalent MGSs. Moreover, as at 29 May 2023, the Bond traded at a premium of 24 basis points in comparison to the market of comparable corporate bonds.

Meanwhile, as at 29 May 2023, the proposed 6% JD Capital plc 2033 bond issued at par would be trading at a spread of 229 basis points over the equivalent MGSs which means that the Bond would be trading at a premium of 119 basis points in comparison to the market of comparable corporate bonds.

It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.

Part 4 Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Return on Capital Employed	Return on capital employed (ROCE) measures the relative profitability of a company after taking into account the amount of capital used during a relative financial performance.
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio 1	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Interest Coverage Ratio 2	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions	
FY	Financial Year.
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

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