



# Rights Issue Investor Presentation

February 2024



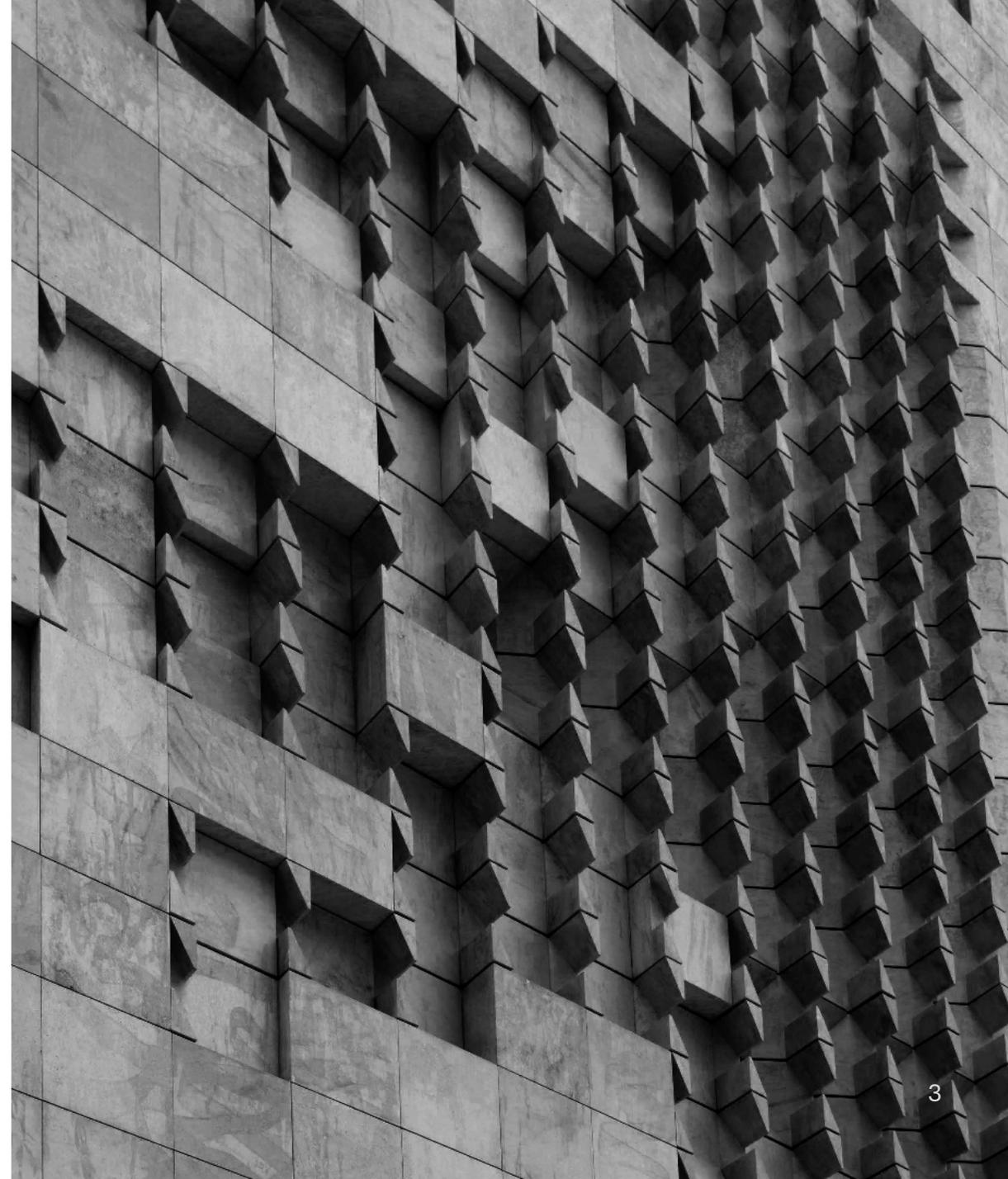
# Company Profile

# Malita Investments plc

Malita Investments plc (“the Company”) operates as an investment holding company and its principal activities include the financing, acquisition, development, management and operation of immovable property, in particular, projects of national and, or strategic importance.

The principal projects which have been undertaken by the Company since its incorporation include:

- i. the acquisition by title of a 65-year temporary emphyteusis from the Government of Malta of the land over which the Parliament Building and the Open-Air Theatre were developed;
- ii. the “City Gate” development in Valletta, consisting of the development of the Parliament Building, the re-purposing of a historical site into the Open-Air Theatre, and the landscaping of public areas;
- iii. the acquisition, from the Government of Malta, of the title of a 65-year dominium directum over the MIA Site and the VCP Site; and
- iv. the Affordable Housing Project by title of a 36-year temporary emphyteusis.



# Historical Performance – An Overview

## Malita Investments plc – Statement of Comprehensive Income

	2020 (audited) €000s	2021 (audited) €000s	2022 (audited) €000s
Revenue	8,505	8,232	8,300
Revenue from service concession agreements	8,486	12,104	17,292
Costs related to service concession agreements	(8,239)	(11,752)	(16,778)
Administrative expenses	(628)	(476)	(623)
<b>Operating profit</b>	<b>8,124</b>	<b>8,108</b>	<b>8,191</b>
Change in fair value of investment property	4,603	(27,843)	2,852
Finance income	422	691	1,292
Finance costs	(1,651)	(1,576)	(1,676)
<b>Profit / (Loss) before tax</b>	<b>11,498</b>	<b>(20,620)</b>	<b>10,659</b>
Tax (expense) / credit	(1,957)	597	(1,882)
<b>Profit / (Loss) for the year</b>	<b>9,541</b>	<b>(20,023)</b>	<b>8,777</b>

Source: Malita Investments plc Financial Statements

- Operations are centred on predictable revenue streams from long-term contractual agreements in place
- The Company's bottom line profitability has also been impacted by the fair value movements in relation to its investment property
- Malita generated cash from operations amounting to €8.6m in 2021 and €6.2m in 2022, with these amounts reflecting the operating profits and working capital movements

# Historical Performance – An Overview (cont'd)

## Balance Sheet Highlights

	2020 €000s	2021 €000s	2022 €000s
Property, plant and equipment	20	22	46
Investment Property	227,988	200,146	202,998
Contract Asset	18,869	31,811	49,514
Borrowings	49,147	73,455	91,893
Provision of restoration	5,102	5,321	5,550

Source: Malita Investments plc Financial Statements

- Total assets amounted to €272.2m as at 2022
- Investing cash flows comprise primarily the capital expenditure on the ongoing development of the Affordable Housing Project, which resulted in cash outflows of €6.8m in 2020, €12.5m in 2021 and €8.8m in 2022
- Malita's bank borrowings include facilities that financed the construction of the Parliament Building, the Open-Air Theatre and the Affordable Housing Project. Drawdowns of credit facilities during the 2020-2022 period totalled €65.5m, whilst borrowings of circa €20m were repaid

# Housing Project

# Project Insight

- The construction and rental of residential units, car spaces and lock-up garages located across 15 sites in 10 localities around Malta
- Tripartite lease agreements with the housing authority and lessees who qualify for affordable housing
- Government of Malta and the lessees are jointly and severally liable for the payment of the rent to the Company
- Contracted agreements with the Housing Authority have commitments by Government ensuring that full rent is paid if a unit is not occupied
- As at 2023, the Company completed a total of 153 units
- Pre-agreed rents at market rates ensuring profitability for the full term of the lease until 2053
- On the basis of current estimates Housing Authority subsidises circa 87% of total rents
- To date, no tenant has defaulted on their rents
- Malita successfully renegotiated the emphyteutical concession and secured an additional 8-year term. This will allow the Company to generate increased returns from the project
- Malita successfully renegotiated rental rates

# Luqa Project - Increase in Scope

- Increase from 182 units to 267 units - an increase of 85 extra units
- 193 garage spaces converted to 242 garages and 45 spaces for added revenue
- Project split into 3 blocks in order to finish project in phases & generate revenue earlier
- Estimated that first block will be ready 1 year earlier
- Whole project will be complete in December 2026



# Project Funding

- With the increase in scope of the Luqa project, together with the cost overruns the total project cost is now estimated at having increased by €63m
- In terms of target funding, new credit facilities are currently being negotiated with reputable institutions, whilst an amount of circa €32.5m is expected to be raised via the Rights Issue
- Optimal mix of debt / equity
- Allows for required investment and increase in scope, whilst maintaining a healthy balance sheet position
- Keeps borrowing costs as low as possible – within the context of elevated inflation and high interest rates environment

# Financial Projections

# Financial Projections

## Forecast statement of comprehensive income

	Actuals	Estimate	Projections			
	2022	2023	2024	2025	2026	2027
<b>Statement of comprehensive income</b>						
<b>For year ending 31 December</b>						
<b>Amounts in €000</b>						
Revenue	8,300	9,211	9,262	9,550	9,847	10,092
Revenue from service concession arrangements	17,292	14,816	37,665	16,048	5,292	870
Costs related to service concession arrangements	(16,778)	(14,283)	(36,216)	(15,075)	(4,516)	-
Administrative expenses	(623)	(1,203)	(1,632)	(1,731)	(1,745)	(1,900)
<b>Operating profit</b>	<b>8,191</b>	<b>8,541</b>	<b>9,079</b>	<b>8,792</b>	<b>8,878</b>	<b>9,062</b>
Change in fair value of investment property	2,852	18,111	3,946	4,097	3,901	4,055
Finance income	1,292	3,131	4,875	6,367	6,971	7,095
Finance costs	(1,676)	(1,725)	(2,262)	(2,720)	(3,412)	(3,205)
<b>Profit before tax</b>	<b>10,659</b>	<b>28,058</b>	<b>15,638</b>	<b>16,536</b>	<b>16,338</b>	<b>17,007</b>
Tax expense	(1,882)	(3,396)	(2,620)	(2,846)	(3,037)	(3,331)
<b>Profit for the year - total comprehensive income</b>	<b>8,777</b>	<b>24,662</b>	<b>13,018</b>	<b>13,690</b>	<b>13,301</b>	<b>13,676</b>

- Forecast revenue for the years up to 31 December 2027 includes income expected to be received from investment properties, in addition to revenues expected to be generated from the Affordable Housing Project
- In addition to general management and administration costs, expected administrative costs include provisions for the maintenance of the Affordable Housing Project
- Finance costs are expected to rise reflecting the increase in borrowings to fund mainly the Affordable Housing Project
- Terms on new facilities are currently being negotiated

# Financial Projections (cont'd)

## Forecast statement of financial position

	Actuals	Estimate	Projections			
Statement of financial position As at 31 December Amounts in €000	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	46	46	49	52	54	56
Investment property	202,996	221,109	225,055	229,151	233,052	237,108
Contract asset	49,514	66,322	104,850	121,813	127,500	126,713
	<b>252,556</b>	<b>287,477</b>	<b>329,954</b>	<b>351,016</b>	<b>360,606</b>	<b>363,877</b>
<b>Current assets</b>						
Trade and other receivables	2,308	775	499	499	499	499
Cash and cash equivalents	17,364	4,737	4,794	4,577	3,902	3,529
	<b>19,672</b>	<b>5,512</b>	<b>5,293</b>	<b>5,076</b>	<b>4,401</b>	<b>4,028</b>
<b>Total assets</b>	<b>272,228</b>	<b>292,989</b>	<b>335,247</b>	<b>356,092</b>	<b>365,007</b>	<b>367,905</b>

- Payments relating to the capital outlay for the Affordable Housing Project are expected to peak in 2024 at circa €38m before progressively declining until completion in 2027
- The increase in the value of the contract asset as the works on the Affordable Housing Project progress towards completion is expected to drive the growth in the Company's balance sheet
- For the purpose of the projections relating to investment property, it is expected that beyond 31 December 2023 there would be no significant changes to risks associated with the collection of the ground rents and rents

# Financial Projections (cont'd)

	Actuals	Estimate	Projections			
Statement of financial position As at 31 December Amounts in €000	2022	2023	2024	2025	2026	2027
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Share capital	73,295	73,295	105,758	105,758	105,758	105,758
Retained earnings	12,335	16,325	19,935	23,985	27,773	31,576
Non-distributable reserve - fair value movements	55,765	72,475	76,105	79,874	83,463	87,194
Non-distributable reserve - other	4,345	4,946	5,656	6,458	7,312	8,388
<b>Total equity</b>	<b>145,740</b>	<b>167,041</b>	<b>207,454</b>	<b>216,075</b>	<b>224,306</b>	<b>232,916</b>
<b>Non-current liabilities</b>						
Borrowings	89,575	85,791	88,460	101,080	102,473	96,180
Lease liability	3,333	3,298	3,321	3,345	3,365	3,385
Capital creditors	2,423	2,330	1,806	436	-	-
Provision on restoration	5,550	6,091	6,539	7,100	7,638	8,189
Deferred tax liabilities	15,806	17,207	17,522	17,850	18,162	18,486
	<b>116,687</b>	<b>114,717</b>	<b>117,648</b>	<b>129,811</b>	<b>131,638</b>	<b>126,240</b>
<b>Current liabilities</b>						
Borrowings	2,317	3,796	4,935	5,380	5,606	6,293
Lease liability	58	122	122	122	128	128
Capital creditors	5,690	4,985	2,657	2,376	1,001	-
Trade and other payables	1,357	1,629	1,732	1,629	1,629	1,629
Current tax liabilities	379	699	699	699	699	699
	<b>9,801</b>	<b>11,231</b>	<b>10,145</b>	<b>10,206</b>	<b>9,063</b>	<b>8,749</b>
<b>Total liabilities</b>	<b>126,488</b>	<b>125,948</b>	<b>127,793</b>	<b>140,017</b>	<b>140,701</b>	<b>134,989</b>
<b>Total equity and liabilities</b>	<b>272,228</b>	<b>292,989</b>	<b>335,247</b>	<b>356,092</b>	<b>365,007</b>	<b>367,905</b>

- In terms of debt funding, new facilities amounting to €33m are expected to be drawn down between 2024 and 2026, with outstanding borrowings expected to increase to near €110m by 2026

# Financial Projections (cont'd)

## Forecast statement of cash flow

	Actuals	Estimate	Projections			
Statement of cash flow For year ending 31 December Amounts in €000	2022	2023	2024	2025	2026	2027
Net cash generated from operating activities	4,257	8,457	5,442	5,331	5,478	5,339
Net cash used in investing activities	(8,631)	(11,850)	(33,966)	(10,671)	606	7,732
Net cash from financing activities	10,774	(9,233)	28,581	5,123	(6,759)	(13,444)
Net movement in cash and cash equivalents	6,400	(12,626)	57	(217)	(675)	(373)
Cash and cash equivalents at beginning of year	10,963	17,363	4,737	4,794	4,577	3,902
Cash and cash equivalents at end of year	17,363	4,737	4,794	4,577	3,902	3,529

# Rights Issue

# Rights Issue

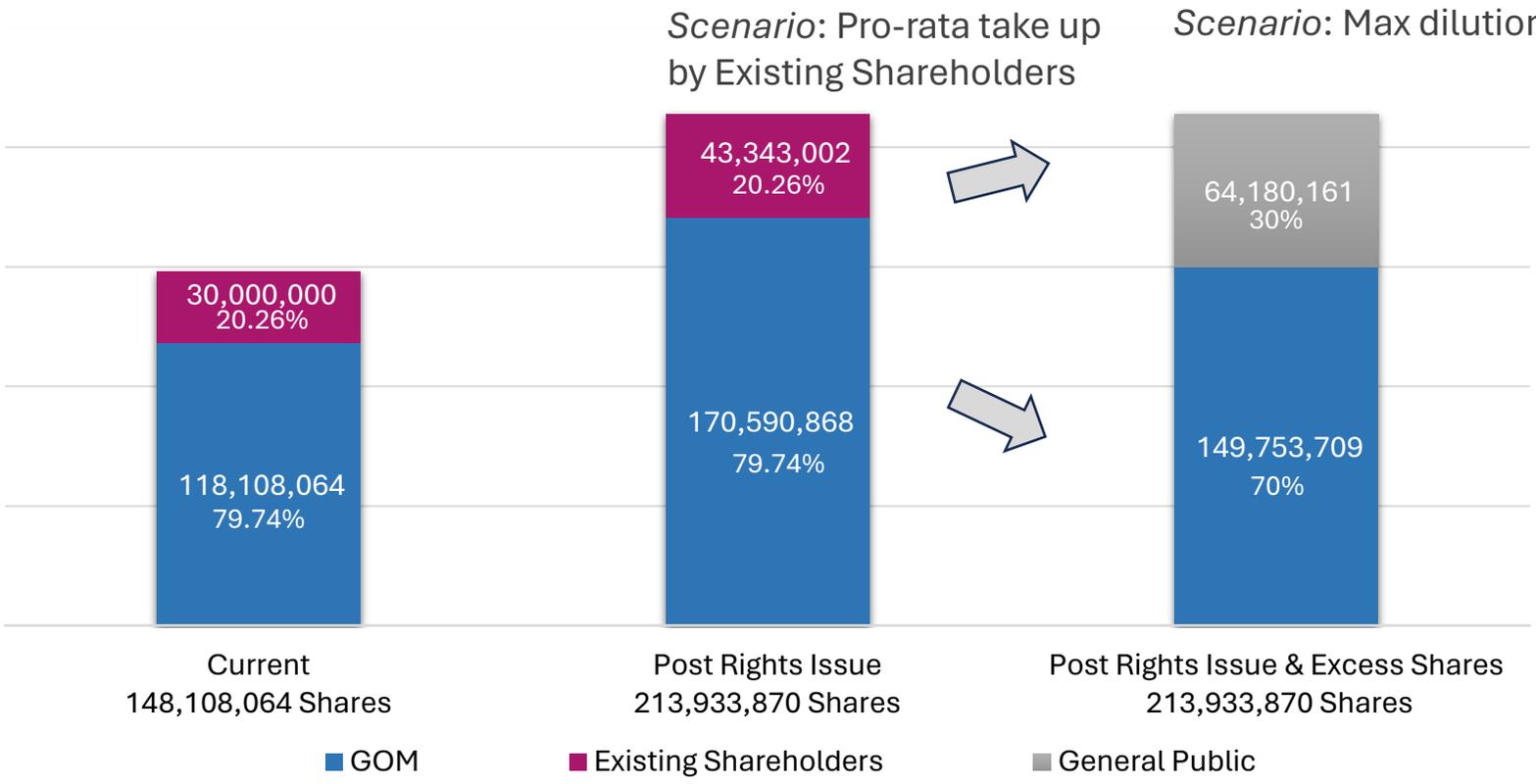
- The Rights Issue is being made to all existing shareholders on the register of members as at 20<sup>th</sup> February 2024
- Offering of 65,825,806 new ordinary shares of a nominal value of €0.50 per share to existing shareholders
- Malita's issued share capital expected to increase by 44% with number of issued shares increasing from 148,108,064 to 213,933,870 (assuming full take up)
- Allocated to existing shareholders on the basis of the ratio of 4 for every 9 shares held

# Government Undertaking

- The Government of Malta has committed to subscribing to its entitlement of new ordinary shares in full
- Government will relinquish a portion of its entitlement to accommodate subscriptions from Institutional Investors, Existing Shareholders, or applicants (general public) seeking excess shares provided that it retains a minimum of 70% of the Company's issued share capital post-issuance
- The government ensures it retains a minimum of 70% of the Issuer's issued share capital post-issuance
- Irrevocable undertaking by the Government of Malta not to apply for excess shares and not to sell, transfer, or dispose of any of its shares until the offer's completion.



# Dilution – An overview



- Placement agreements – up to 20,846,827 shares
- Excess shares by existing shareholders
- Other general public via AFIs

# Allocation Policy

- The 65,825,806 new ordinary shares shall be allocated as follows:
  - To satisfy in full the exercise by all Existing Shareholders of their rights and, in the case of assignees, of the assigned entitlement
- Any rights which are not validly subscribed for, or assigned, by Existing Shareholders, shall constitute Lapsed Rights (or “Excess Shares”)
  - An amount of up to 20,846,827 Excess Shares shall be allocated to institutional investors pursuant to Placement Agreements
  - Any remaining Excess Shares shall be allocated as per below:
    - (i) Existing Shareholders who have taken up their proportionate entitlement in full and applied for Excess Share; and
    - (ii) Applicants applying for Excess Shares through Authorised Financial Intermediaries, in such proportions as the Company shall, at its discretion, deem fit

# Dividends

- Board policy to pay an interim and final dividend each year. The Directors intend to provide shareholders with consistent dividend income
- Dividend distributions depend on several factors, including available profits, Directors' view on prevailing outlook, debt agreements and covenants, capital expenditure plans.
- **Board's objective to continue distributing total gross dividends amounting to an estimated €0.0350 per share, equivalent to an estimated gross dividend yield of at least 7%**
- Dividend history:

Year	Interim Dividend €	Final Dividend €	Total €
2020	1,955,026 €0.0132 per share	3,228,756 €0.0218 per share	5,183,782 €0.035 per share
2021	1,955,026 €0.0132 per share	3,228,756 €0.0218 per share	5,183,782 €0.035 per share
2022	1,955,026 €0.0132 per share	3,228,756 €0.0218 per share	5,183,782 €0.035 per share
2023	1,955,026 €0.0132 per share	To be recommended	

From IPO to date the board paid  
€0.3850 per share in dividends

# Key Investment Highlights

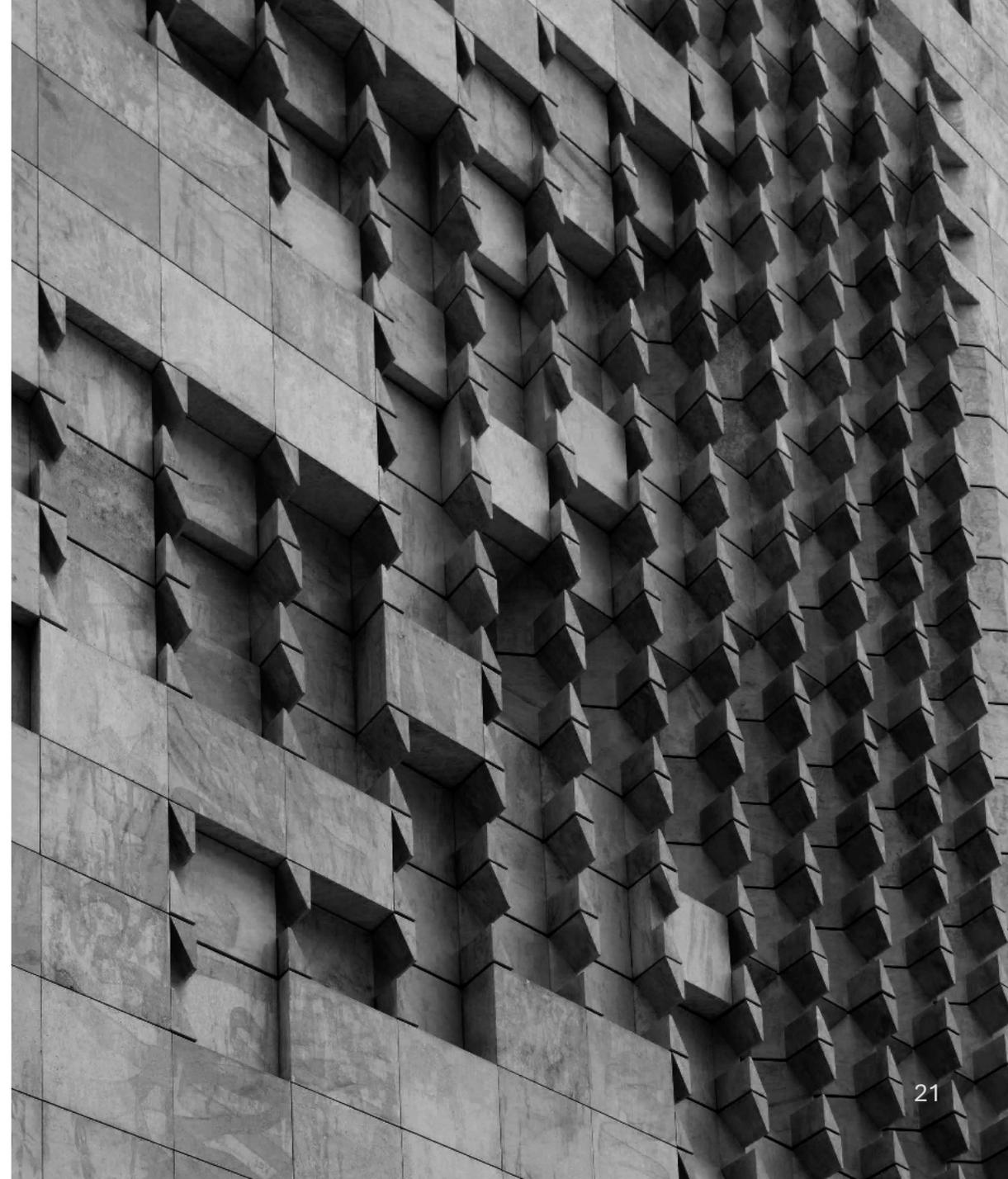
Highly visible income profile, based on long-term contractual agreements

Track record of attractive dividend payments, commitment to maintain policy

Mainly sovereign risk

Owns, develops, manages prime assets of strategic and social importance

Attractive pricing in current environment



# Indicative Timeline

Approval Date	14 <sup>th</sup> February 2024
FAAEs mailed to Existing Shareholders	27 <sup>th</sup> February 2024
Application Forms available at Authorised Financial Intermediaries	28 <sup>th</sup> February 2024
Commencement of Offer Period	28 <sup>th</sup> February 2024
Placement Date	13 <sup>th</sup> March 2024
Closing of Offer Period	15 <sup>th</sup> March 2024
Announcement of the results of the Offer	25 <sup>th</sup> March 2024
Refunds of unallocated monies (if any)	1 <sup>st</sup> April 2024
Dispatch of allotment letters	1 <sup>st</sup> April 2024
Date of issue and allotment of the New Ordinary Shares and expected date of admission of the New Ordinary Shares to listing	1 <sup>st</sup> April 2024
Expected date of commencement of trading in the New Ordinary Shares	2 <sup>nd</sup> April 2024

# Rights Issue Details

Manager and Registrar



Sponsor



Legal Counsel



Reporting Accountant



Amount:

€33 million

Issuer:

Malita Investments p.l.c.

Offer Price

€0.50

Ratio

Four-for-every-nine ordinary shares

# Disclaimer

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