

The Board of Directors  
**Tumas Investments plc**  
Level 3,  
Portomaso Business Tower,  
Portomaso  
St. Julian's STJ4011

26 June 2025

Dear Sirs,

**Tumas Investments plc – Financial Analysis Summary Update 2024 (the “Update FAS”)**

In accordance with your instructions and in line with the requirements of the Malta Financial Services Authority Listing Policies, we have compiled the Update FAS set out on the following pages, and which is being forwarded to you together with this letter.

The purpose of the Update FAS is that of summarising key financial data appertaining to Tumas Investments plc (the “**Company**” or “**TI**”) and Spinola Development Company Limited (the “**Guarantor**”, or “**SDC**”). The data is derived from various sources or is based on our own computations as follows:

- (a) historic financial data for the three years ended 31 December 2022 to 2024 extracted from both the Company’s and the Guarantor’s audited statutory financial statements for the three years in question;
- (b) the forecast data for the financial year ending 31 December 2025 has been extracted from the forecast financial information provided by the management of the Company and the Guarantor;
- (c) our commentary on the results of the Company and Guarantor and on the respective financial positions has been based on the explanations provided by the Company and Guarantor;
- (d) the ratios quoted in the Update FAS have been computed by us, applying the definitions as set out and defined within the Update FAS; and
- (e) relevant financial data in respect of competitors as analysed in Part D has been extracted from public sources such as the web sites of the companies concerned, or financial statements filed with the Registrar of Companies.

The Update FAS is meant to assist potential investors by summarising the more important financial data of the Company and the Guarantor. The Update FAS does not contain all data that is relevant to potential investors and is meant to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Company and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Update FAS and no representation or warranty is provided in respect of the reliability of the information contained in this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,



**Doreanne Caruana**  
Head of Corporate Advisory



# TUMAS

## INVESTMENTS plc

### FINANCIAL ANALYSIS SUMMARY

#### Update 2025

*Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance  
with the Listing Policies issued by the Malta Financial Services Authority,  
dated 5 March 2013, as revised on 13 August 2021.*

26 June 2025



**RIZZO FARRUGIA**  
YOUR INVESTMENT CONSULTANTS

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## IMPORTANT INFORMATION

### PURPOSE OF THE DOCUMENT

Tumas Investments plc (the “**Company**”, “**TI**” or the “**Tumas Investments plc**”) issued €25 million 3.75% Unsecured Bonds 2027 pursuant to a prospectus dated 10 July 2017.

The prospectus included a Financial Analysis Summary (“**FAS**”) in line with the requirements of the Listing Policies dated 5 March 2013 and last revised on 13 August 2021. The purpose of this report is to provide an update to the FAS (the “**Update FAS**”) on the performance and on the financial position of the Company and Spinola Development Company Limited (the “**Guarantor**” or “**SDC**”).

### SOURCES OF INFORMATION

The information that is presented has been collated from a number of sources, including the Company’s website (www.tumas.com), the audited Financial Statements for the years ended 31 December 2022, 2023 and 2024 and forecasts for financial year ending 31 December 2025 for both the Company and the Guarantor.

Forecasts that are included in this document have been prepared and approved for publication by the directors of the Company and Guarantor, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1<sup>st</sup> January to 31<sup>st</sup> December. The financial information is being presented in thousands of euros, unless otherwise stated, and has been rounded to the nearest thousand.

### PREVIOUS FAS ISSUED

The Company has published the following FAS which are available on its website:

FAS dated 7 July 2014 (appended to the prospectus)	FAS dated 30 June 2021
FAS dated 30 June 2015	FAS dated 30 June 2022
FAS dated 28 June 2016	FAS dated 28 June 2023
FAS dated 29 May 2017 (appended to the prospectus)	FAS dated 25 June 2024
FAS dated 26 June 2018	
FAS dated 28 June 2019	
FAS dated 19 August 2020	

## LIST OF ABBREVIATIONS AND DEFINITIONS

F&B	Food and beverages
Halland Developments Company Limited or HDCL	A subsidiary of Spinola Development Company Limited which owns the freehold title of the Halland site and adjoining land.
Halland site	The site in Ibragg (formerly Halland Aparthotel) earmarked for development.
Laguna Project	An extension to the Portomaso Complex on its east side which will include the building of 44 residential units.
Portomaso Complex or Portomaso or Complex	The Complex located in St Julian's set on a site owned by SDC comprising the Hilton Malta and its convention centre, the Portomaso Business Tower, residential apartments, a car park, a marina and commercial outlets.
Portomaso Leasing Company Limited or PLCL	A subsidiary of Spinola Development Company Limited which manages the leasing of the long-term commercial and office components the Portomaso Complex.
Premium Real Estate Investments Limited or PREIL	A subsidiary of Spinola Development Company Limited entrusted with acquiring property for investment purposes.
Tumas Group Company Limited or Tumas Group	A group of companies involved in various sectors including hospitality, leisure, tourism, property, automotive and port operations.

## 1. INTRODUCTION

### TUMAS INVESTMENTS PLC – THE ISSUER

Tumas Investments plc is a public limited liability company incorporated in Malta on 17 November 2000 to act as the financing arm of SDC. Given the Company's nature of activities, i.e. raising finance for on-lending to SDC, there is an inherent dependence on SDC's cash flows and operations.

Since 2000, the Issuer has tapped the local bond market six times. The first five bonds, issued in 2000, 2002, 2009, 2010 and 2014 respectively, have to date been redeemed. Meanwhile, the Issuer today has one outstanding bond, namely the €25 million 3.75% bonds maturing in 2027. During FY2024, the Company redeemed the €25 million 5% bonds that matured during the said period.

### SPINOLA DEVELOPMENT COMPANY LTD – THE GUARANTOR

SDC was set up as a limited liability company in Malta on 10 May 1966 and was acquired by the Tumas Group in 1986 through Spinola Investments Limited. The business of SDC Group has, to date, comprised primarily of the development, management and operation of the Portomaso Complex situated in St Julian's and now the development of the ex-Halland site referred to below.

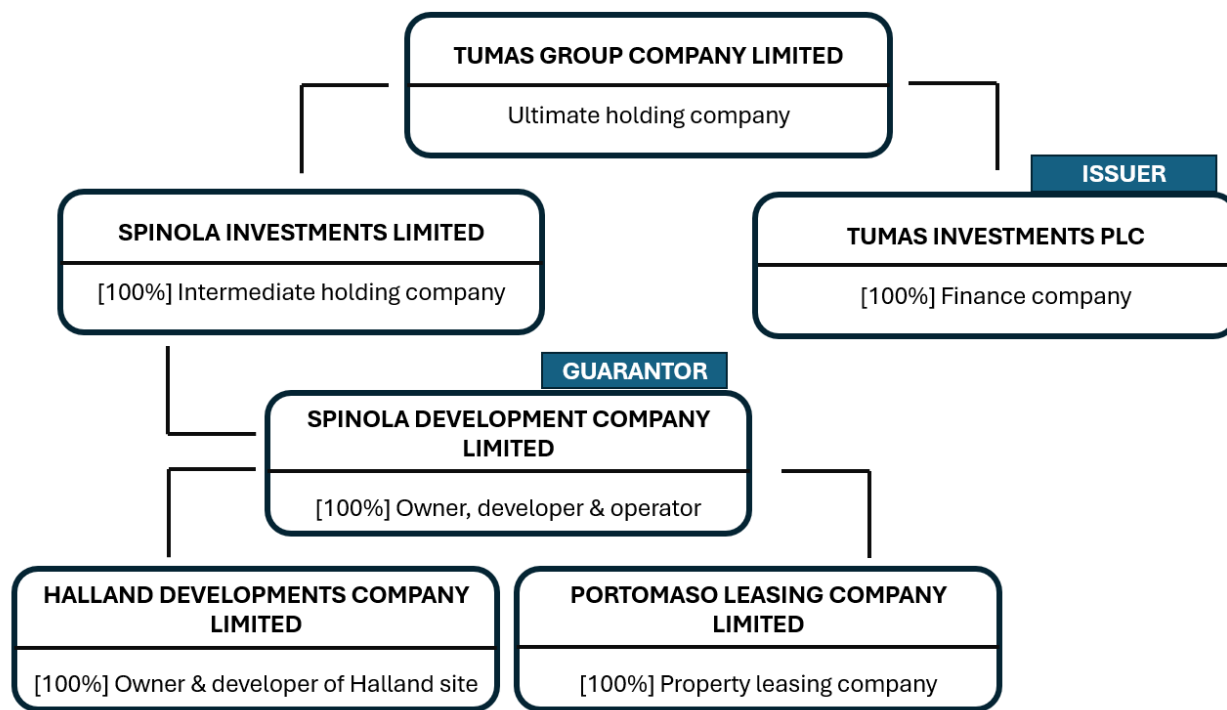
In 1994, the then Malta Hilton Hotel was completely demolished and rebuilt while also making way for the development of the Portomaso Complex. The land title was acquired by SDC from the Government of Malta and today the Guarantor benefits from freehold title of the site. For the purpose of management and administration of Portomaso, in 2004 SDC set up PLCL (a Maltese fully-owned subsidiary) to focus on the leasing activities within the Complex.

In 2024, PREIL was merged within SDC, and as such, the *dominium directum* on a sizeable portion of Portomaso properties is now held at SDC.

In 2009, HDCL (a Maltese fully-owned subsidiary) was set up with the main objective being that of acquiring the freehold title of the Halland site and the adjoining land from St Andrews Hotels Limited – a sister company within the Tumas Group. Construction works related with the development of the high-end residential complex are well underway and in an advanced stage of development.

## 2. GROUP STRUCTURE

Both TI and SDC are wholly-owned subsidiaries of Tumas Group Company Limited – one of the largest and most diversified private business groups in Malta. The Group, which is ultimately owned by members of the Fenech family, is primarily active in property development and leasing, hospitality, leisure and gaming and energy. The position of the Issuer and the Guarantor within the Group is as per below:



SDC and its subsidiaries, as included above, are referred to as the “**SDC Group**” or “**Group**” hereinafter. In 2024, Premium Real Estates Limited (PREIL), which was a fully-owned subsidiary of SDC, was merged into SDC.

### 3. DIRECTORS AND SENIOR MANAGEMENT

#### DIRECTORS OF THE ISSUER

The directors of the Company are:

Mr Raymond Fenech	Chairman & Chief Executive Officer
Mr Raymond Sladden	Executive Director
Dr Michael Grech	Independent, Non-Executive Director
Mr Joseph Schembri	Independent, Non-Executive Director
Mr John Zarb	Independent, Non-Executive Director

The Company Secretary is Dr Katia Cachia.

#### DIRECTORS OF THE GUARANTOR

The directors of SDC are:

Mr Raymond Fenech	Chairman & Chief Executive Officer
Mr Emmanuel Fenech	Executive Director
Mr Raymond Sladden	Executive Director

The Company Secretary role is undertaken by Onyx Trustees Limited.

#### SENIOR MANAGEMENT OF THE ISSUER

No employees are directly engaged by the Issuer as it entirely relies on the employees of the Guarantor and of the Tumas Group for its management and administration.

#### SENIOR MANAGEMENT OF THE GUARANTOR

The senior management of the Guarantor are the following:

Mr Raymond Sladden	Tumas Group Finance Director
Mr Maurice Tabone	Sales and Marketing Director of SDC
Mr Richard Cuello	General Manager - Hilton Malta
Mr Gerald Debono	Tumas Group Architect
Mr Kevin Spiteri	Tumas Group Engineer
Mr Anton Cini	Financial Controller
Mr Mark Caruana	Property Administrator



## 4. UPDATE ON OPERATIONS AND MAJOR ASSETS

### 4.1 THE ISSUER

As the financing arm of SDC, the Issuer's operations are inherently limited to that of raising finance for capital projects, advancing such funds to SDC. The borrowings of the Issuer are on-lent to SDC and are regulated through loan agreements that mirror the characteristics of the borrowings taken by TI, with an additional interest margin intended to cover the costs of the Company.

#### MAJOR ASSETS - ISSUER

Following the redemption of the 2024 bond during the said period, TI's major asset was the outstanding bond due to mature in 2027 of €25 million, recorded as a loan receivable from SDC. The table below summarises the value of total assets and loans receivable from SDC for the financial years ended 31 December 2022, 2023 and 2024.

Year	Total Assets €'000	Loans Receivable from SDC €'000	Loans Receivable from SDC as a % of Total Assets
2022	66,300	50,000	75%
2023	69,740	50,000	72%
2024	26,786	25,000	93%

In line with the Company's treasury management function for SDC, the Issuer employs excess liquidity from the SDC Group to acquire financial assets on the local capital market in order to efficiently manage liquidity in times when interest rates (and thus returns on financial investments) were increasing. Such liquidity was invested in treasury bills issued by the Government of Malta and amounted to €17.2 million in FY2023 and €11.3 million in FY2022. There were no such holdings outstanding at the end of FY2024 as the excess liquidity of SDC which stood at €22.2 million at the end of FY2024 was invested directly by SDC itself.

#### MATERIAL CONTRACTS - ISSUER

As at the date of this FAS, the Company has one bond outstanding, with funds having been on-lent to SDC through the two contracts below:

Date of Agreement / Addendum Agreement	Amount	Maturity	Purpose	Interest Rate % p.a.	Financed by TI through
10 July 2017	€24,765,154	10 July 2027	Refinancing of existing borrowings	3.85	Bond Proceeds
6 September 2017	€234,846	10 July 2027	Refinancing of existing borrowings	3.85	Bond Proceeds

## 4.2 THE GUARANTOR

The principal activities of the Guarantor have to date been the development and operation of the Portomaso Complex and adjacent areas situated in St. Julian's. The Complex includes the Hilton Malta hotel and its conference centre, the Portomaso Business Tower, other office units, residential apartments, a marina, a car park and a number of commercial and catering outlets.

The operations of SDC are divided into four segments:

- A. the hotel and its ancillary operations;
- B. property development;
- C. rental operations; and
- D. complex management operations.

### MAJOR ASSETS AND RECENT DEVELOPMENTS

Until May 2024, the Portomaso Marina was operated by the Group and formed part of the Hotel and Ancillary Operations (HAO) segment. As from June 2024, the Marina operations were rented out to a third party and as such, since then, the Marina falls part of the Rental Operations segment of the Group.

#### A. THE HOTEL AND ITS ANCILLARY OPERATIONS

This segment comprises the Hilton Malta, the conference centre and ancillary operations including the underground car park, the Marina (until May 2024) and the Twenty Two Club (a lounge bar on the twenty-second floor of the Portomaso Business Tower). As at the end of FY2024, the Guarantor's property, plant and equipment (PPE) had a carrying value of €143.7 million (FY2023: €147.4 million).

##### I) HILTON MALTA

The Hilton Malta is a five-star 413-room hotel, with modern conference facilities, a health centre, themed restaurants, a large indoor pool and a number of outside pools and beach clubs. SDC has an operating agreement with Hilton International for the operation of the hotel under the Hilton brand, whereby Hilton International markets and manages the hotel and its adjacent conference centre as an integral part of its world-wide chain. This agreement, which had an initial term of 15 years was renewed for a further 20 years in 2013, effective from 1 January 2012.

During FY2024, SDC invested *circa* €1.6 million in the upgrade of equipment and to enhance energy efficiency at the Hilton.

##### II) PORTOMASO CAR PARK

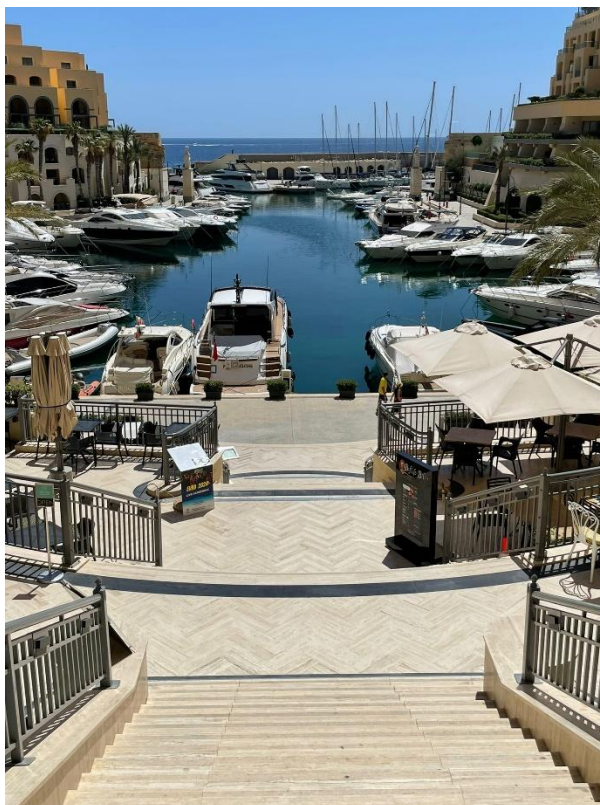
SDC operates underground public car parking facilities of *circa* 1,225 car spaces (excluded those sold for private use) with residents and tenants of the Business Tower having reserved areas for their exclusive use.

This structure is ancillary to the hotel and contributes to this segment's returns, albeit to a much smaller scale. In FY2024, SDC started a number of small upgrade projects in some areas at the car park which, once concluded, are expected to cost around €2.7 million. These areas were eventually leased out and will form part of the rental segment.

### ***III) PORTOMASO MARINA***

The Portomaso Marina has been in operation since 1999 and has a total capacity of approximately 130 berths. It offers a number of ancillary services to its tenants including mooring assistance which is constantly provided on the quayside; security around the whole perimeter; water and electricity facilities and pump out facilities for wastewater and used oil.

As from June FY2024, the operations of the Portomaso Marina are being conducted by a third party under a management agreement and as such, has been moved out of the HAO segment and now form part of the Rental segment.



### ***IV) TWENTY TWO CLUB***

Twenty Two Club is a lounge bar located on the twenty-second floor of the Portomaso Business Tower. It opened its doors during the summer of 2006, providing evening entertainment attracting an exclusive customer base.

## B. PROPERTY DEVELOPMENT

SDC has to date completed the development of *circa* 500 apartments within the Portomaso Complex including the Laguna units.

In 2021, SDC's subsidiary, Halland Developments Co Ltd ("HDCL"), embarked on development works at the ex-Halland site. The Halland project includes the development of *circa* 68 residential units, parking facilities, other amenities and open landscaped areas, delivered in a sustainable state-of-the-art design that aims to meet the expectations of clients, stakeholders as well as the environmental realities. Construction works progressed substantially during 2024, with mechanical and electrical works commencing in late 2024. The revenue expected from this development will not be necessary for the redemption of the outstanding bonds of TI plc.

Furthermore, in recent years, the Guarantor acquired two sites complementing the Portomaso Complex which were developed in a block of 13 residential units and underlying commercial outlets (referred to as Block 32) and a sizeable property annexed to the Portomaso Complex which it plans to develop in later periods.

## C. RENTAL OPERATIONS

SDC, through its subsidiary PLCL, leases out areas within the Business Tower (*circa* 3,313 square metres) and other commercial and office areas within the Complex (*circa* 11,800 square metres). At present, practically the entire leasable area within the Portomaso Complex is rented out, except for *circa* 997 sqm within the Business Tower, an area of *circa* 441 sqm of commercial space, a third of which is currently subject to negotiations and which the SDC expects to sign in the coming weeks. A further 1,000 sqm which was refurbished into meeting and co-working facilities has been put on the market in mid-2023 and is progressing satisfactorily.

Furthermore, as explained above, as from June 2024, the operations of the Portomaso Marina now fall within this segment, after they were transferred to a third-party operator.



#### **D. COMPLEX MANAGEMENT OPERATIONS**

SDC has retained responsibility for the management and administration of the Portomaso Complex, including, the maintenance, cleaning, security and utilities within the common areas of the project and within each block of apartments, and across the exterior landscaping that characterises the whole of the Complex. SDC shares in, and apports the expenses incurred in the management of the Complex and recharges the relative costs to the residential owners / tenants, Portomaso-related operating units and the offices and commercial areas. Moreover, SDC receives a management fee as remuneration for its services towards this activity from the various occupants within the Portomaso Complex. In order to retain the high-quality standards of the Portomaso complex, from time to time, the Guarantor selectively and unilaterally takes upon itself the onus to participate in the cost of upgrading certain Complex infrastructure by injecting the necessary capital funding to meet particularly targeted initiatives. The other works undertaken in the common areas will be recharged to tenants inclusive of a mark-up, which will reflect in an increase in the segment revenue of FY2025.

#### **UPDATE TO THE MATERIAL CONTRACTS OF THE GUARANTOR**

The following are considered to be material contracts that the Guarantor has in place:

##### **I. HOTEL MANAGEMENT AGREEMENT WITH HILTON INTERNATIONAL**

The management agreement that SDC has in place with Hilton International until 2031 did not change since the last FAS update of 2024.

##### **II. LEASE AGREEMENTS**

Most of SDC Group lease agreements with office and commercial tenants have a term of between one and five years. The lease agreements provide for renewal terms and periodic inflationary increments which are reflected in the FY2024 increase in leasing income. In addition, as from FY2024, within the lease commitments there is included the Marina management agreement. The minimum lease payments, which exclude inter-Group leases, were as per below over the historic financial period under review:

	<b>Actual FY2022 €'000</b>	<b>Actual FY2023 €'000</b>	<b>Actual FY2024 €'000</b>
Not Later than 1 year	1,647	2,148	3,238
Between 1 and 5 years	3,114	5,115	9,826
More than 5 years	2,366	3,724	6,616
<b>Total</b>	<b>7,127</b>	<b>10,987</b>	<b>19,680</b>

### III. CAPITAL COMMITMENTS & CONTINGENCIES

The Guarantor is party to commitments of a capital nature in relation to contracted or upcoming works. As of 31 December 2024, the value of these commitments was €1.3 million (FY2023: €5.9 million). These commitments relate to the property development projects mainly at the Halland already referred to above.

As at the end of FY2024, the SDC Group had guarantees of €20.3 million (FY2023: €9.3 million) issued on behalf of other fellow subsidiaries' bank facilities. The guarantees are supported by general and special hypothecs over the Group's assets.

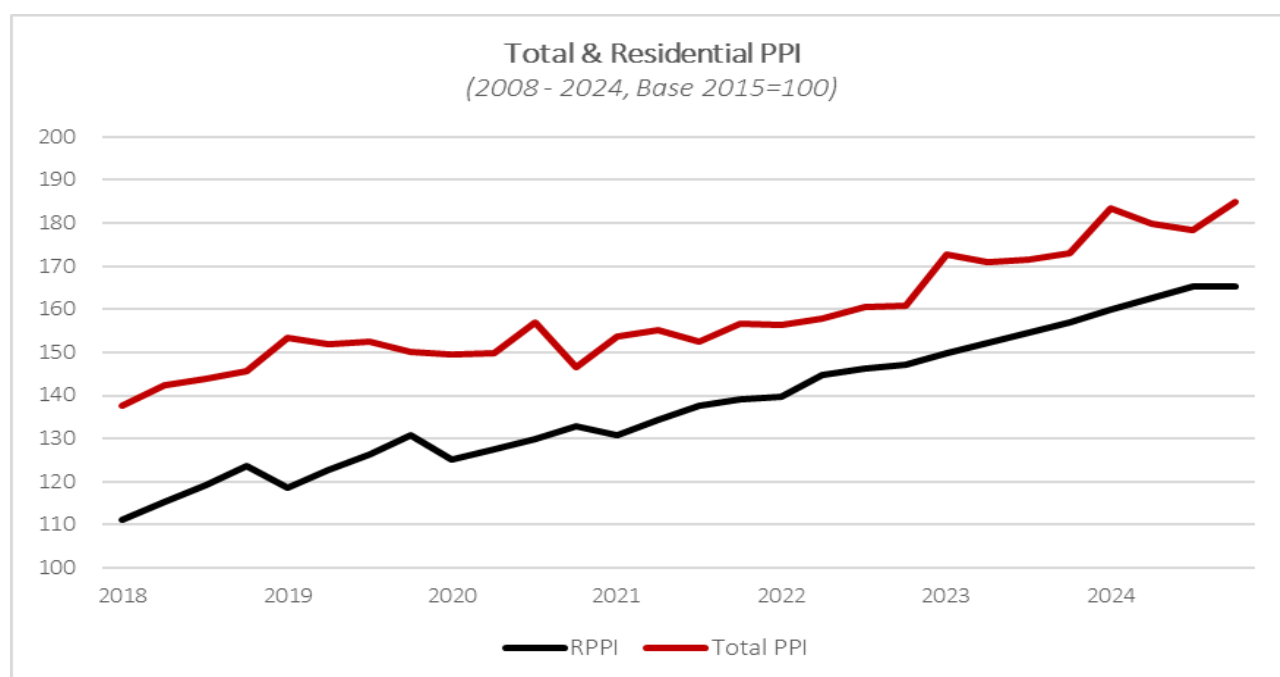
## 5. MARKET OVERVIEW

### THE PROPERTY MARKET

The construction and real estate sectors have traditionally been key pillars of the local economy and have also been the drivers of growth. In fact, the positive correlation between the performances of the local economy and the construction and real estate sectors has been particularly evident over the years.

#### *The Residential Property Market in Malta*

Following the disruption in the local economic momentum caused by COVID-19, data indicates that the construction and real estate sector has since completely recovered and reembarbed on a growth trajectory.



The Property Price Index (PPI) published by the Central Bank of Malta, based on published prices, continued its upward trend in 2024, increasing by 5.6% to 181.6 points. This reflects sustained growth, although slightly moderated compared to the 8.3% rise in 2023.

A similar trend was also evident from the Residential Property Price Index (RPPI), published by the National Statistics Office (NSO), which includes data related to residential properties, i.e. apartments, houses and maisonettes, excluding other types of units. The RPPI reached 165.22 points in Q4 2024, marking a 5.2% year-on-year increase. This growth reflects ongoing demand in the housing market, with prices showing resilience despite broader economic uncertainties.

The underlying strength of the local residential property market is also evidenced by the number of approved development permits which increased by 7.4% to 8,716 compared to 8,112 in 2023. Moreover, promise of sale agreements signed in 2024 amounted to 13,588, up from 13,185 in 2023 and the value of final deeds of sale in 2024 was up by 7.1% from 2023, to reach almost €3.5 billion in 2024.

### *The Commercial Property Market in Malta*

In 2024, Malta's commercial real estate market continued to evolve amid changing work habits, tourism recovery, and rising sustainability awareness.

Market dynamics varied depending on the commercial use as described below.

- **Office Space:** Demand for premium office space in urban centres like Valletta, Sliema, and St. Julian's increased, with rental rates rising by 7%. However, hybrid work models persist, leading to reduced demand and higher vacancy rates in suburban areas such as Mosta and Birkirkara. Refurbished offices with modern amenities are maintaining stronger occupancy and pricing.
- **Retail Property:** Tourism has driven retail growth, particularly in Valletta, St. Julian's, and emerging hubs like Gżira and Ta' Xbiex. Rents in prime areas have increased by 9%. Suburban retail remains challenged, with vacancy rates above 15%.
- **Industrial & Logistics:** Ongoing supply shortages have pushed rents up by 8–10%, especially in key zones like Hal Far and Marsa. There is rising demand for energy-efficient and green-certified industrial facilities.
- **Hospitality:** The rebound in tourism is boosting demand for hospitality spaces in urban and coastal regions. Premium locations are commanding higher rates, with interest growing in eco-conscious and themed venues.

Sustainability is an emerging theme in the local commercial property space which is gaining traction as developers are increasingly integrating sustainable building practices. While demand for green-certified spaces is rising, Malta's overall real estate transparency remains low, with further progress needed in sustainability metrics and data availability.

### **Sources:**

Central Bank of Malta – Property Prices Index - February 2025 [\[link\]](#)

NSO – Residential Property Price Index (RPPI) – Q4 2024 [\[link\]](#)

NSO – Residential Property Transactions – December 2024 [\[link\]](#)



QLC Real Estate Blog - "Malta Commercial Real Estate Market Update 2024" [\[link\]](#)

Times of Malta - "Perry Commercial Hub – Property Outlook 2024" [\[link\]](#)

Statista – Malta Commercial Real Estate Market Overview [\[link\]](#)

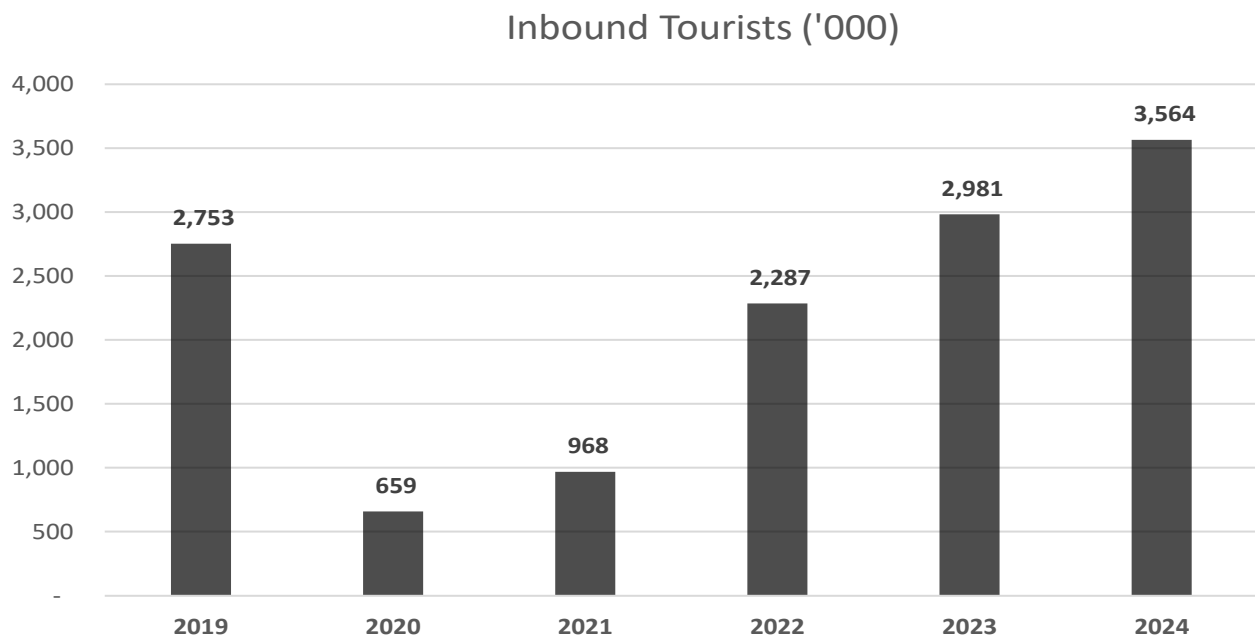
PwC Malta – Real Estate Transparency Report 2024 - "A Focus on Real Estate Transparency in Malta" [\[link\]](#)

**THE TOURISM INDUSTRY**

Tourism is one of the major pillars of the Maltese economy and its importance in recent years has increased as tourism numbers significantly grew year after year. Although the pandemic had a marked negative impact on the tourism sector, it has now not only recovered but also reaching new record highs cementing its position as one of the major contributors to the Maltese economy due to its material direct and indirect contributions to the country’s gross domestic product.

As at December 2024, Malta had 312 (up from 296 a year earlier) active collective accommodation establishments with a net capacity of 20,214 (2023: 19,591) bedrooms and 46,982 (2023: 44,656) bed-places.

The industry continued its strong recovery from the COVID-19 pandemic. During 2023, Malta welcomed just under 3 million inbound tourists, surpassing the previous record of 2.8 million set in 2019. The positive momentum persisted into 2024, with inbound tourist arrivals reaching 3.6million, reflecting a 20% increase over the same period in 2023.



*Source: National Statistics Office, Malta*

Preliminary data for the first quarter of 2025 indicates that this growth trend is continuing, with inbound tourism up by approximately 19% year-on-year for Q1. Increased connectivity, broader off-season offerings,



and targeted marketing campaigns in emerging European and Middle Eastern markets have supported this growth.

Key Trends (2024–2025):

- **Off-season tourism growth:** Driven by cultural events and digital nomad incentives, there's been a noticeable rise in winter and shoulder-season travel.
- **Sustainable tourism focus:** Increased efforts by Maltese authorities to balance growth with environmental preservation. Several new eco-certified accommodations opened in 2024.
- **Air connectivity:** A net increase in direct routes, particularly from Eastern Europe and the Gulf region, boosting arrivals from previously underrepresented markets.
- **Digital transformation:** Greater use of AI and data analytics in personalized tourist services and hospitality management.
- **Rise in luxury and wellness tourism:** Expansion of high-end offerings and spa retreats catering to affluent and health-conscious travellers.

*Sources:*

National Statistics Office (NSO), Malta - Tourism Statistics: Monthly and annual reports for 2023, 2024, and provisional Q1 2025 data - <https://nso.gov.mt>

Malta Tourism Authority (MTA) Annual Report 2024 and sector updates on accommodation capacity and marketing initiatives -<https://www.visitmalta.com>

Eurostat – Travel & Tourism Statistics - European-wide inbound tourism comparison data, particularly relevant for benchmarking growth rates and market diversification -<https://ec.europa.eu/eurostat>

## 6. COMPANY'S FINANCIAL REVIEW & FORECASTS

All figures referred to in this section of the report have been extracted from the audited financial statements of the Issuer for the respective years and supported by management information as necessary, with the exception of ratios which have been calculated by Rizzo, Farrugia & Co (Stockbrokers) Limited. FYXXXX refers to the financial year ended 31 December XXXX.

### 6.1 INCOME STATEMENT

	FY2022 (A)	FY2023 (A)	FY2024 (A)	FY2025 (F)
	€'000	€'000	€'000	€'000
Finance Income	2,420	2,884	2,006	1,090
Finance Costs	(2,249)	(2,605)	(1,801)	(961)
<b>Net Interest Income</b>	<b>171</b>	<b>279</b>	<b>205</b>	<b>129</b>
Administrative expenses	(144)	(149)	(138)	(122)
<b>Profit before tax</b>	<b>27</b>	<b>130</b>	<b>68</b>	<b>7</b>
Tax expense	(9)	(41)	(29)	(2)
<b>Profit for the financial year</b>	<b>18</b>	<b>89</b>	<b>39</b>	<b>4</b>

At the end of July 2024, the Company redeemed one of the €25 million bonds, upon its respective maturity. As a result, finance income for the year declined from €2.9 million to €2 million. During the said financial year, the Company had less funds available to invest, and this also had an impact on the finance income generated. There was a corresponding decline in finance costs, and net interest income for the year amounted to €0.2 million.

The redemption of the bond also led to lower administrative costs, and the Company's profit for the year, after tax, came at €39k.

The projections for FY2025 reflect a full year of one bond remaining outstanding, with its associated income and expenses.

## 6.2 STATEMENT OF FINANCIAL POSITION

	FY2022 (A)	FY2023 (A)	FY2024 (A)	FY2025 (F)
	€'000	€'000	€'000	€'000
<b>Assets</b>				
<b>Non-Current Assets</b>				
Loans and Receivables	50,000	25,000	25,000	25,000
<b>Total Non-Current Assets</b>	<b>50,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>Current Assets</b>				
Loans and Receivables	-	25,000	-	-
Trade and Other Receivables	1,041	1,186	1,764	1,544
Other Financial Assets at Amortised Cost	11,340	17,213	-	-
Cash and Cash Equivalents	3,920	1,341	22	11
<b>Total Current Assets</b>	<b>16,301</b>	<b>44,739</b>	<b>1,786</b>	<b>1,555</b>
<b>Total Assets</b>	<b>66,301</b>	<b>69,739</b>	<b>26,786</b>	<b>26,555</b>
<b>Equity and Liabilities</b>				
<b>Capital and Reserves</b>				
Share Capital	250	250	250	250
Retained Earnings	422	511	550	554
<b>Total Equity</b>	<b>672</b>	<b>761</b>	<b>800</b>	<b>804</b>
<b>Non-Current Liabilities</b>				
Borrowings	49,833	24,904	24,926	24,950
<b>Total Non-Current Liabilities</b>	<b>49,833</b>	<b>24,904</b>	<b>24,926</b>	<b>24,950</b>
<b>Current Liabilities</b>				
Borrowings	-	24,982	-	-
Trade and Other Payables	15,792	19,057	999	798
Current Tax Liability	4	37	61	2
<b>Total Current Liabilities</b>	<b>15,796</b>	<b>44,075</b>	<b>1,060</b>	<b>801</b>
<b>Total Liabilities</b>	<b>65,629</b>	<b>68,979</b>	<b>25,986</b>	<b>25,751</b>
<b>Total Equity and Liabilities</b>	<b>66,301</b>	<b>69,740</b>	<b>26,786</b>	<b>26,555</b>

As explained above, the Issuer redeemed one of the two outstanding bonds on its maturity, which resulted in a lower asset base at the end of FY2024. Furthermore, during the said financial year, TI also returned the funds which were used to invest in liquid treasury bills (T-bills) to the Guarantor, resulting in a further decline of €17.2 million. As a result, total assets at the end of FY2024 amounted to €26.8 million.

This financial position is expected to continue to be the case also for FY2025 and as such, no material difference is expected by the end of the current financial year.

### 6.3 STATEMENT OF CASH FLOWS

	FY2022 (A)	FY2023 (A)	FY2024 (A)	FY2025 (F)
	€'000	€'000	€'000	€'000
Net cash generated from / (used in) operating activities	222	252	360	(231)
Net cash (used in) / generated from investing activities	(11,340)	(5,873)	17,213	-
Net cash generated from / (used in) financing activities	14,600	3,042	(18,892)	220
	<b>3,482</b>	<b>(2,578)</b>	<b>(1,320)</b>	<b>(11)</b>
Cash and cash equivalents at beginning of year	438	3,920	1,341	22
<b>Cash and cash equivalents at end of year</b>	<b>3,920</b>	<b>1,341</b>	<b>22</b>	<b>11</b>

The movements in the cash flows statement have been the result of the repayment of the €25 million bond on maturity in July and the redemption of the T-bills and the transfer of the said funds out to the fellow subsidiary. At the end of the financial period, TI's cash balances stood at €22k.

The FY2025 forecasts have been based on the interest received and paid in relation to the remaining outstanding €25 million bond, which is due in 2027.

### 6.4 KEY RATIOS - ISSUER

Given the nature of the Company, the use of ratios to analyse the Company's performance is restricted to the below two ratios.

The Company's margins remained strong and in comparison, also to previous financial year. This is expected to continue also in FY2025.

	FY2022 (A)	FY2023 (A)	FY2024 (A)	FY2025 (F)
<b>Net Income Margin</b> <i>(Net interest income / finance income)</i>	7.08%	9.67%	10.24%	11.83%
<b>Interest Cover</b> <i>(Finance income / finance costs)</i>	1.08x	1.11x	1.11x	1.13x

## 7. GUARANTOR'S FINANCIAL REVIEW & FORECASTS

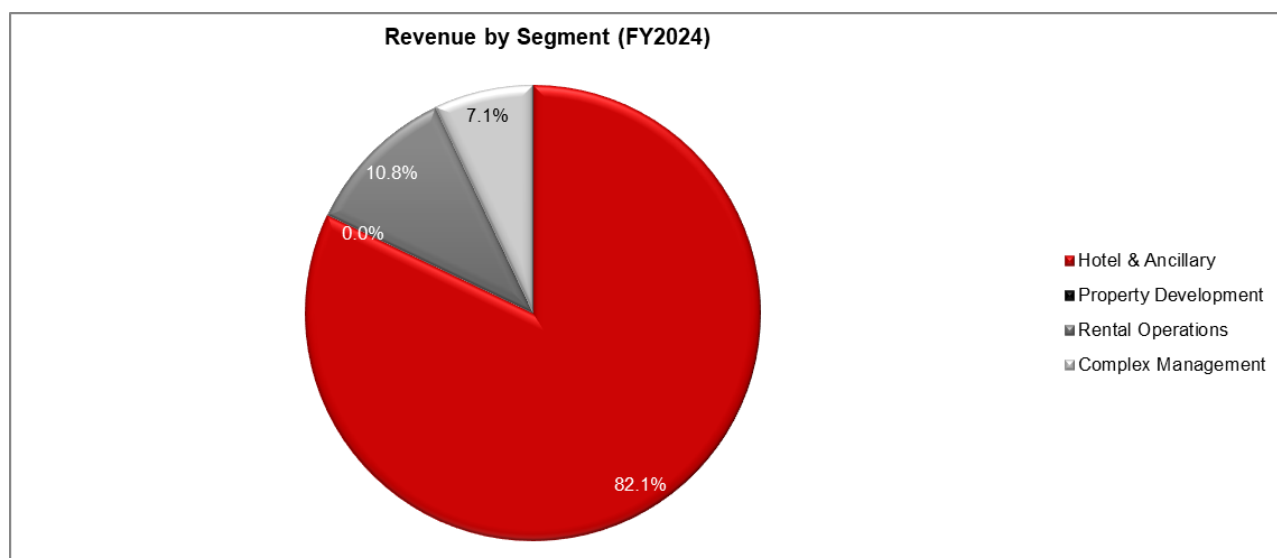
### OVERVIEW OF FY2024

SDC's total revenue for the year was €52.9 million, which is 2% higher than that achieved in FY2023. The increase was primarily driven by the rental and complex management segments, which registered 27% and 14% growth, respectively. Meanwhile, the hotel and ancillary operations (HAO) segment declined, albeit marginally and no revenue was registered from the property development segment, due to the limited stock of properties available to sell.

Overall, FY2024 sustained the positive momentum gained during the post-pandemic recovery period, despite ongoing macroeconomic headwinds, including geopolitical tensions in the Middle East and the ongoing conflict between Ukraine and Russia. Domestically, persistent labour shortages remained a challenge. However, these pressures were partially mitigated by the gradual easing of interest rates and the continued provision of stable energy subsidies.

### 7.1 SEGMENTAL ANALYSIS

As described in further detail in section 4.2 of this report, the operations of SDC are split into four main segments: hotel and ancillary operations, rental operations, property development and complex management.

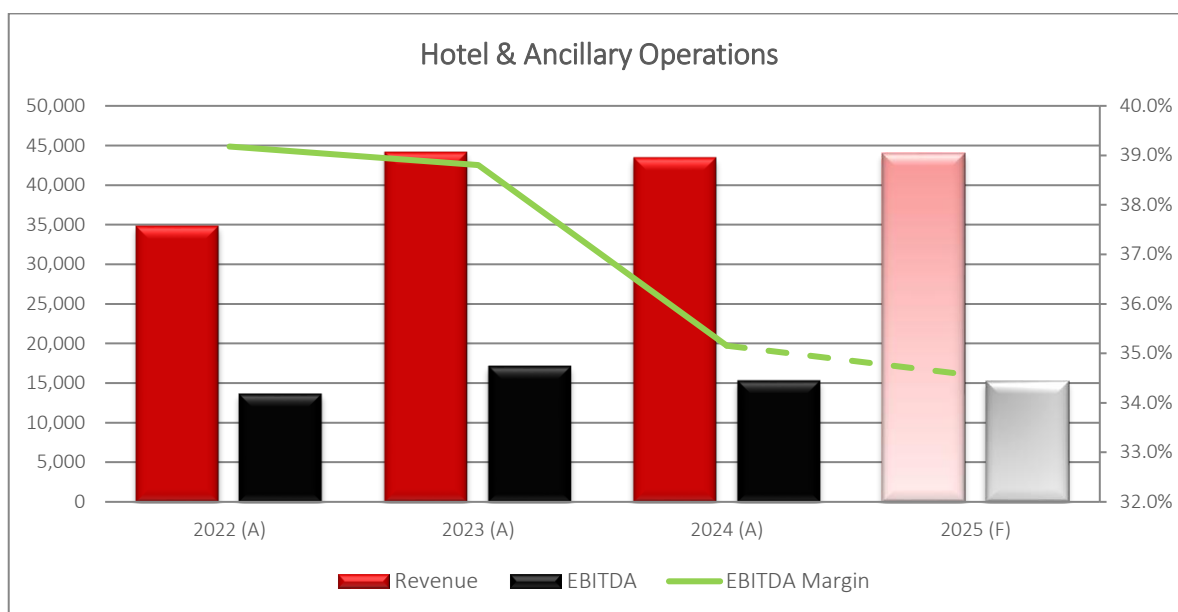


#### A. HOTEL AND ANCILLARY OPERATIONS (HAO)

The HAO segment was the major contributor towards the Guarantor's revenue streams, representing over 82% of total revenue. The hotel operations were almost at par with those achieved in FY2023, reflecting high occupancy rates, albeit a marginal dip in room rates. Meanwhile, the income from the ancillary operations (including the marina, car park and the tower bar) fell short from that achieved in the previous financial year.

This has been amplified by the fact that the results of this segment for FY2024 include revenue from the operations of the Marina until May – after that, since the operations of the Marina were transferred to a third party, these were recognised under the Rental segment and thus affected the total revenue for HAO accordingly.

Average annual occupancy at the hotel in FY2024 was around 9 percentage points above the MHRA average<sup>1</sup> representing a material recovery from the COVID years to the extent that revenue and EBITDA have now surpassed pre-pandemic results.



Tourist arrivals to Malta during 2024 remained on an upward trend reaching 3.56 million visitors, setting an all-time record, compared to the 2.98 million tourist arrivals during 2023. These are expected to be sustained and improved onto in FY2025, which is encouraging for the Group, in order to retain its propensity towards constantly investing into retaining the Hilton hotel as one of the best hotels on the island.

EBITDA margins were under pressure yet again in FY2024 (at 35.2%), as the HAO cost base increased at a faster pace than the increase in revenues when compared to FY2023 (38.8%) and earlier years.

#### VARIANCES AND FORECASTS

<u>Hotel and Ancillary Operations</u>	FY2024 (A)	FY2024 (F)	Variances (% / p.p.)	FY2025 (F)	Comparison to FY2024 (A) (% / p.p.)
Revenue	43,431	43,694	-0.6%	43,986	1.3%
EBITDA	15,268	15,465	-1.3%	15,197	-0.5%
EBITDA Margin	35.2%	35.4%	-0.2p.p.	34.5%	-0.7p.p.

<sup>1</sup> The Malta Hotels and Restaurants Association conducts a survey which compares a series of hotel-performance indicators across the various strata of the industry. The average utilized refers to that in the 5-star hotel segment.

The revenue forecast in last year’s FAS update did not take into account the effects of the transfer of the operations of the Marina to a third-party, and thus reportable under a different segment . Barring the effects of such transfer, the revenue generated came in line with that forecast. Meanwhile, the Group managed better EBITDA margins than anticipated, due to improved cost controls

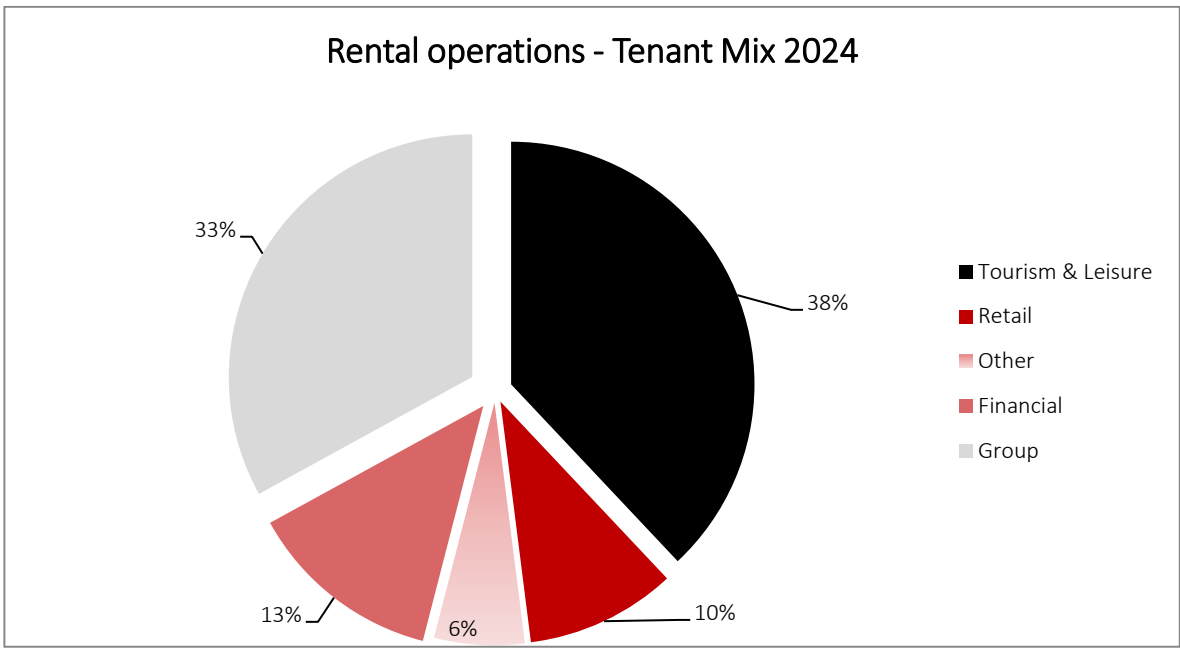
For FY2025, the Group expects a marginal improvement in revenue, in line with the growth of the Maltese tourism industry.

**B. RENTAL OPERATIONS**

Rental operations consist of areas within the Business Tower, other office spaces within Portomaso and other commercial outlets, including a supermarket and a number of eateries. This segment operates on a very lean cost structure. As from FY2024, this segments also includes the rental income received from the transfer of the operations of the marina to a third party as from June 2024. This segment continues to achieve high level of EBITDA margins.

Revenues for this segment reached €5.7 million in FY2024, reflecting a significant 27% increase over FY2023. This increase is the result of two factors – the effect of contracted inflationary increases in the rental rates and the additional revenue from the marina management agreement

The leasable area tenant mix in this segment in FY2024 was largely aligned to the mix in the previous financial year during FY2024, remaining varied. The tourism & leisure sector contributed 38% (FY2023: 35%) while intra-group use stood a 33% representing the casino and the co-working and meeting facilities which the Group has assigned to a fellow company, and which co-working facility is operated under a management agreement by a third party specialising in the said type of operation. The financial sector contributed 13% and retail another 10%.



## VARIANCES AND FORECASTS

As explained above, the Guarantor achieved significantly better revenue and EBITDA in FY2024.

<u>Rental Operations</u>	FY2024 (A)	FY2024 (F)	Variances (% / p.p.)	FY2025 (F)	Comparison to FY2024 (A) (% / p.p.)
Revenue	5,740	4,671	22.9%	5,820	1.4%
EBITDA	5,197	4,461	16.5%	5,090	-2.1%
EBIDTA Margin	90.5%	95.5%	-5.0p.p.	87.5%	-3.0p.p.

For FY2025, the Group anticipates revenue and EBITDA for the Rentals segment to be largely at par with those achieved in FY2024, with a slight dip in margins due to an increase in maintenance costs to retain the high standard of the Portomaso Complex. Nevertheless, margins remain strong for this segment, at 87.5%.

### C. Complex Management

This segment encompasses the management of the Portomaso Complex, including the landscaping, repairs and maintenance, cleaning and security of the common areas and the agency agreement relating to utilities. SDC receives a management fee in return for the performance of its functions and shares in some of the upkeep expenses as a tenant in its own right. All expenses approved by the condominium general meeting incurred by this segment were recharged to residential apartment owners, Portomaso's own operating units and commercial as well as office space owners. As from FY2023 these, however, started excluding the in-house management fee for the general administration of the Group which has since been allocated to the HAO segment, being the largest segment contributing to revenue of the SDC Group. Certain individual cost items are exceptionally shared by SDC with the residents and tenants, primarily relating to certain upgrades necessary for the upkeep of the complex thus reflecting the Group's commitment towards Portomaso in order to retain the complex as a first class location.

## VARIANCES AND FORECASTS

<u>Complex Management</u>	FY2024 (A)	FY2024 (F)	Variances (% / p.p.)	FY2025 (F)	Comparison to FY2024 (A) (% / p.p.)
Revenue	3,732	4,367	-14.5%	5,224	40.0%
EBITDA	244	239	2.2%	411	68.4%
EBIDTA Margin	6.5%	5.5%	+1.0p.p.	7.9%	+1.4p.p.

The revenue generated for this segment in FY2024 was lower than that envisaged in last year's FAS update, at €3.7 million (forecast at €4.4 million), as works that were originally planned (and thus recharged to tenants) in FY2024 were delayed. Revenue is now expected to increase to €5.2 million in FY2025, as the condominium cost charged is higher in order to cover additional works that will need to be carried out across the complex.



#### D. PROPERTY DEVELOPMENT

Another segment to the SDC Group is that of property development, which over the years generated revenues from the sale of residential and commercial units. The financial performance of this segment is volatile given the dependency on the actual number of units available for sale, the timing of new developments and when the final contracts with buyers are executed. Currently, the Group does not have a material stock of properties within Portomaso to deliver. This is expected to change once the Group's subsidiary HDCL completes its development at the ex-Halland site. EBITDA for this segment is arrived at after deducting construction, development and finishing costs in line with the contracts with end buyers as well as the costs related to the sale of the properties.



Laguna



Crystal Ship



Portomaso Complex

During FY2024, SDC did not effect any property sale. As at the end of the said financial year, the Guarantor had two remaining apartments at Portomaso in stock.

#### VARIANCES AND FORECASTS

Property Development	FY2024 (A)	FY2024 (F)	Variances (% / p.p.)	FY2025 (F)	Comparison to FY2024 (A) (% / p.p.)
Revenue	-	-	N/A	-	N/A
EBITDA	121	(200)	-160.5%	(139)	-214.9%
EBIDTA Margin	N/A	N/A	N/A	N/A	N/A

No sale of property is anticipated during FY2025, as was also the case for FY2024.

## 7.2 INCOME STATEMENT - CONSOLIDATED ANALYSIS

	FY2022 (A)	FY2023 (A)	FY2024 (A)	FY2025 (F)
	€'000	€'000	€'000	€'000
Revenue	43,424	52,097	52,903	55,030
<i>HAO</i>	34,802	44,112	43,431	43,986
<i>Property Development</i>	1,580	198	-	-
<i>Rental</i>	4,070	4,517	5,740	5,820
<i>Complex Mgmt</i>	2,972	3,270	3,732	5,224
Direct Costs and Administrative Expenses	(26,093)	(30,751)	(32,074)	(34,471)
<b>EBITDA</b>	<b>17,330</b>	<b>21,346</b>	<b>20,830</b>	<b>20,559</b>
Depreciation	(5,655)	(5,419)	(5,572)	(6,123)
<b>EBIT (Operating Profit)</b>	<b>11,676</b>	<b>15,927</b>	<b>15,258</b>	<b>14,436</b>
Finance Income	106	518	862	1,004
Investment Income	323	-	-	-
Finance Costs	(2,834)	(2,840)	(2,566)	(1,335)
<b>Profit before Tax</b>	<b>9,270</b>	<b>13,605</b>	<b>13,554</b>	<b>14,105</b>
Tax Expense	(2,598)	(4,161)	(4,075)	(4,106)
<b>Profit for the Year</b>	<b>6,672</b>	<b>9,444</b>	<b>9,479</b>	<b>9,998</b>

The increase in the revenue from rental operations and the complex management pushed up total revenue to a fresh record level of €52.9 million. Each segment's performance has been dealt with in greater detail in earlier parts above.

The performance of FY2024 continued to be characterised by the inflationary pressures on the cost base of the Group's operations, particularly those related to human resources, despite the tight controls the SDC Group retained on its cost base.

EBITDA was marginally lower for FY2024, at €20.8 million, compared to €21.3 million achieved in FY2023.

The charges relating to depreciation were marginally higher, reflecting the additional investment that the Group made in its PPE assets. Meanwhile, finance costs were lower, reflecting the lower level of total borrowings, while finance income was substantially higher when compared to FY2023, at €0.9 million (FY2023: €0.5 million), as a result of improved treasury management undertaken by the SDC Group.

Profit before tax stood at par with that achieved in FY2023, at €13.6 million. Similarly, the tax charge for the year was largely at the same level of the previous financial year, at €4.1 million, and SDC's net profit for the year came at €9.5 million (FY2023: €9.4 million).

## FORECAST - FY2025

FY2025 is expected to continue building up on the momentum of FY2024, with HAO registering yet another strong year. The uplift in revenue from this segment is a result of a mix of improved occupancy levels and room rates, as the hotel continues to command superior rates when compared to its local peers in the five-star sector.

The FY2025 figures for the HAO segment do not include the rental income from the Marina operations, which are now reflected in full for the year within the rental segment. The rental income from the commercial leases and the marina is expected to be largely in line with that achieved in FY2024.

Meanwhile, the revenue from the complex management continues to increase, reflective of the mark-up on the upkeep costs undertaken during the year.

In line with what was reported last year and in the Guarantor's financial statements for FY2024, the Group only has two apartments readily for sale.

Cost pressures remain a reality that are not always easy to mitigate or avoid, and the management thereof is becoming increasingly challenging amidst other pressures faced by the various industries that the SDC Group operates in, including the scarcity of human resources available to work in the industry. As such, total costs are anticipated to increase to €34.5 million which translate in a decline in EBITDA to just over €20.6 million compared to the €20.8 million achieved in FY2024.

The additional investment in the Group's PPE is expected to result in a higher depreciation charge for the year.

Meanwhile, net finance cost is anticipated to be lower, reflecting the effect of lower borrowings and the income generated from the deployment of cash available to the Group into interest-earning financial instruments

The Group's tax charge for FY2025 is largely in line with that of FY2024, at €4.1 million, while net profit for the year is expected to increase to just under €10 million (FY2024: €9.5 million).

## VARIANCES FY2024

A variance analysis of the respective segments has been included in the section above. During the year under review, SDC beat its profit before tax forecast by €1.1 million, although the higher tax charge than that expected in last year's report meant that profit after tax was just €0.1 million better than expected.

	<i><b>FY2024 (F)</b></i>	<i><b>FY2024 (A)</b></i>	<i><b>Variance</b></i>
	€'000	€'000	
Revenue	52,732	52,903	0.3%
<i>HAO</i>	43,694	43,431	-0.6%
<i>Property Development</i>	-	-	N/A
<i>Rental</i>	4,671	5,740	22.9%
<i>Complex Mgmt</i>	4,367	3,732	-14.5%
Direct Costs and Administrative Expenses	(32,767)	(32,074)	-2.1%
<b>EBITDA</b>	<b>19,965</b>	<b>20,830</b>	4.3%
Depreciation	(5,948)	(5,572)	-6.3%
<b>EBIT (Operating Profit)</b>	<b>14,017</b>	<b>15,258</b>	8.9%
Finance Income	366	862	135.6%
Finance Costs	(1,969)	(2,566)	30.3%
<b>Profit before Tax</b>	<b>12,414</b>	<b>13,554</b>	9.2%
Tax Expense	(3,069)	(4,075)	32.8%
<b>Profit for the Year</b>	<b>9,345</b>	<b>9,479</b>	1.4%

The rental segment led the main variances for the year, which for the period June to December 2024 included also income from the marina, since it was passed on to a third-party operator. Overall, net finance costs increased by €101K, primarily due to an increase in bank fees and charges.

### 7.3 STATEMENT OF CASH FLOWS

	<i>FY2022(A)</i>	<i>FY2023(A)</i>	<i>FY2024 (A)</i>	<i>FY2025 (F)</i>
	€'000	€'000	€'000	€'000
Net cash generated from / (used in) operating activities	12,012	6,659	24,924	(1,170)
Net cash (used in) / generated from investing activities	(6,940)	(11,588)	(14,184)	5,794
<b>Free Cash Flow</b>	<b>5,072</b>	<b>(4,929)</b>	<b>10,741</b>	<b>4,624</b>
Net cash used in financing activities	(8,500)	(3,215)	(14,511)	(1,368)
<b>Net movements in cash and cash equivalents</b>	<b>(3,428)</b>	<b>(8,143)</b>	<b>(3,770)</b>	<b>3,256</b>
Cash and cash equivalents at beginning of year	18,899	15,471	7,328	3,557
<b>Cash and cash equivalents at end of year</b>	<b>15,471</b>	<b>7,328</b>	<b>3,557</b>	<b>6,813</b>

#### FY2024 REVIEW

The positive operational performance achieved in FY2024 is reflected also in the cash flows from operating activities, which during the year under review amounted to €24.9 million when adjusted for non-cash charges, as well as tax and interest paid.

The cash flows related to investment activities included the additions made by the Group to the PPE and improvements thereof, as well as the purchase of T-bills.

Meanwhile, cash flows related to financing activities included the repayment of the €25 million bond (through TI plc) and the dividend payment made during the year, net of bank borrowings drawdowns and the transfer of funds from other group entities.

At the end of FY2024, cash and cash equivalent balances amounted to €3.6 million.

#### FORECAST - FY2025

The cash flows for FY2025 are reflective of the operational performance of the Group, as described in further detail above, as well as the continued development of the Halland Residences, which is being temporarily funded through available cash balances at Group level. The Halland development is independently financed through specifically-dedicated bank borrowings such that the commitments of SDC are not dependent thereon. Investing and financing activities are expected to generate positive net cash flows. During the year, it is anticipated that the SDC Group will be a net borrower of funds in relation to the Halland project (net of bank borrowing repayments). In terms of financing activities, the Group is expected to purchase additional PPE, as well as to continue investing its excess liquidity into high grade treasury bills.

## 7.4 STATEMENT OF FINANCIAL POSITION

	FY2022 (A)	FY2023 (A)	FY2024 (A)	FY2025 (F)
	€'000	€'000	€'000	€'000
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment	150,705	147,367	143,709	150,392
Investment Property	14,289	14,778	17,113	16,711
Trade & Other Receivables	5,307	2,550	1,947	952
<b>Total Non-Current Assets</b>	<b>170,301</b>	<b>164,696</b>	<b>162,769</b>	<b>168,055</b>
<b>Current Assets</b>				
Inventories	25,649	31,452	36,398	48,211
Trade & Other Receivables	19,223	25,429	10,191	11,526
Other Financial Assets at Amortised Costs	-	11,766	22,212	5,354
Cash & Cash Equivalents	15,471	7,328	3,858	6,815
<b>Total Current Assets</b>	<b>60,343</b>	<b>75,975</b>	<b>72,659</b>	<b>71,906</b>
<b>Total Assets</b>	<b>230,644</b>	<b>240,671</b>	<b>235,428</b>	<b>239,961</b>
<b>Equity &amp; Liabilities</b>				
<b>Capital &amp; Reserves</b>				
Share Capital	13,653	13,653	13,653	13,653
Revaluation Reserve	87,060	86,234	85,409	84,583
Retained Earnings	39,967	47,021	55,111	60,721
<b>Total Equity</b>	<b>140,679</b>	<b>146,909</b>	<b>154,173</b>	<b>158,957</b>
<b>Non-Current Liabilities</b>				
Borrowings	49,891	24,941	35,362	38,759
Trade & Other Payables	-	-	1,250	-
Deferred Tax Liabilities	26,438	25,765	25,121	24,477
<b>Total Non-Current Liabilities</b>	<b>76,329</b>	<b>50,706</b>	<b>61,733</b>	<b>63,236</b>
<b>Current Liabilities</b>				
Borrowings	-	24,986	1,347	909
Trade & Other Payables	11,980	14,129	16,397	16,214
Current Taxation	1,656	3,942	1,778	645
<b>Total Current Liabilities</b>	<b>13,636</b>	<b>43,057</b>	<b>19,522</b>	<b>17,768</b>
<b>Total Liabilities</b>	<b>89,965</b>	<b>93,762</b>	<b>81,255</b>	<b>81,004</b>
<b>Total Equity &amp; Liabilities</b>	<b>230,644</b>	<b>240,671</b>	<b>235,428</b>	<b>239,961</b>

## FY2024 REVIEW

The value of SDC's total assets as at the end of FY2024 stood at €235.4 million, down from €240.7 million at the end of FY2023. PPE remained the largest asset class, with a value at the end of the year of €143.7 million, and its decline from 2023 year-end value of €147.4 million was the combined result of a depreciation charge and a transfer to investment property that net off the investment undertaken by the Group during FY2024.

Meanwhile, investment property increased by a further €2.5 million, reflecting additions and transfers from PPE (related to the marina) made during the year net of depreciation charge. Similarly, inventory continued to increase, as the value of the works undertaken at the Halland Residences are capitalised accordingly. The decline in the trade and other receivables balance by the end of FY2024 reflects the amounts that were owed to the company by fellow subsidiaries, which were settled before year end – in the main, these related to the bond redemption proceeds, while any excess funds were deployed in financial assets, which grew from €11.8 million to €22.2 million by the end of FY2024, representing T-bills issued by the Maltese, German, Dutch and French governments. The cash and cash equivalents at year end amounted to €3.9million.

The funding structure during FY2024 was characterised by the redemption of the €25 million bond, which was partially replaced by new bank borrowings, as explained below. Trade payables continued to increase, in line with the uplift in activity of the SDC Group.

On the equity side, the increase in the retained earnings (from €47.0 million at the end of FY2023 to €55.1 million at the end of FY2024) reflected the profit for the year, net of dividends of €2.2 million.

## SDC'S FUNDING ANALYSIS

SDC's total borrowing stood at €36.7 million at the end of FY2024, down from €49.9 million at the end of FY2023, reflecting the redemption of the bond through Tumas Investments plc during the year and the refinancing of part thereof through bank borrowings. Cash and equivalents were down to €3.9 million at the end of FY2024, reflecting the Group's use of cash generated to continue funding its operations and the development of the Halland residences.

Linked to the management of finance costs is SDC's treasury function whereby excess cash at the various group companies is applied to lower the finance cost for the SDC Group or increase interest income. In fact, as was the case during FY2021 up to FY2023, SDC applied excess cash available towards its subsidiary developing the ex-Halland site so as to reduce the finance costs, although the Group has backup external funding which intends to use in the future. In addition, since FY2023, SDC has engaged in liquidity management by investing any excess liquidity into T-bills and other A-rated government debt securities (which was previously undertaken by TI plc), as explained in earlier parts of this report. Such money market securities are highly liquid and of short-term in nature, reported under 'other financial assets at amortised costs' in the statement of financial position of the SDC Group, and, as such, can be considered as cash equivalents.

Reported equity improved to €154.2 million by the end of FY2024, reflecting the profit generated in the year net of a dividend of €3.2 million paid out of retained earnings.

	FY2022(A)	FY2023(A)	FY2024 (A)	FY2025 (F)
	€'000	€'000	€'000	€'000
Total Borrowings	49,891	49,927	36,708	39,668
Less Cash & Cash Equivalents	(15,471)	(7,328)	(3,858)	(6,815)
Less T-Bills*	-	(11,766)	(22,212)	(5,354)
Less SDC Group Treasury Funds**	(14,600)	(19,142)	1,090	1,090
<b>Net Borrowings (A)</b>	<b>19,820</b>	<b>11,691</b>	<b>11,728</b>	<b>28,589</b>
Reported Equity (B)	140,679	146,909	154,173	158,957
<b>Gearing Ratio (A / A+B)</b>	<b>12.3%</b>	<b>7.4%</b>	<b>7.1%</b>	<b>15.2%</b>
FV Adjusted Equity (C)	164,871	173,368	187,342	192,488
<b>Adjusted Gearing Ratio (A / A+C)</b>	<b>10.7%</b>	<b>6.3%</b>	<b>5.9%</b>	<b>12.9%</b>

*\*As explained above, these are T-bills and other A-rated government debt securities outstanding at the end of the financial year, which are liquid and very short-term in nature, and which as such, can be considered as cash equivalents.*

*\*\*The amounts quoted for SDC Treasury Funds relate to funds extended by the SDC Group to companies outside the said Group (where the amount is negative) or received (where the amount is positive),*

SDC's net gearing ratio takes into account the cash equivalent balances that SDC had over the years, which include any excess liquidity invested in T-bills and which were outstanding at the end of the reporting period, and any minimal funds extended by SDC to associate companies. This ratio stood at just 7.1% at the end of FY2024, which is a very strong gearing position when compared to other listed peers.

While SDC recognises the value of investment property at cost in its balance sheet, in the notes to the financial statements it discloses the market value (based on the directors' annual revision of active market prices). Calculating the gearing ratio on the basis of the market value of investment property would result in an even-lower gearing ratio of 5.9% for FY2024.

#### FORECAST - FY2025

Bank borrowings are expected to increase by nearly €3 million, reflecting the draw downs on facilities that are specific for the development and finishing of the Halland Residences. Cash balances at the end of FY2025 are expected to be in the region of €6.8 million, with Group treasury funds payable standing at €1.1 million, and €5.4 million invested in T-bills, therefore net borrowings are anticipated to increase to €28.6 million (FY2024: €11.7 million).



## 7.5 RELATED PARTY TRANSACTIONS

All companies forming part of the Tumas Group are considered related parties in view of the common controlling party. Related party transactions are carried out at arm's length between TI and SDC, as well as transactions between SDC and other companies within the Tumas Group.

Starting from FY2023 but more prominently in FY2024, SDC played a key role in the management of the treasury function for the SDC Group, as it aimed to maximise the use of available funds within the group and minimise (external) financing costs. It had arrangements with a number of fellow companies within the SDC Group and Tumas Group, as explained above, whereby any excess funds available at SDC were on-lent to said companies, thereby reducing the finance costs for the overall Tumas Group accordingly. At the end of FY2024, SDC owed €1.1 million to other associate companies, while €22.2 million were placed in money market financial instruments (specifically local government and A-rated foreign government securities).

Furthermore, SDC regularly enters into trading transactions with fellow subsidiaries and associates within the Tumas Group in its normal course of business. Such transactions being conducted include rental charges, management fees, recharging of expenses and financing charges.

## 7.6 RATIO ANALYSIS

The below are key ratios applicable to the SDC Group:

	FY2022(A)	FY2023(A)	FY2024 (A)	FY2025 (F)
<b>Net Profit Margin</b> (Net Profit / Revenue)	15.4%	18.1%	17.9%	18.2%
<b>EBITDA Margin</b> (EBITDA / Revenue)	39.9%	41.0%	39.4%	37.4%
<b>Return on Assets</b> (Profit before Tax / Average Assets)	4.0%	5.8%	5.7%	5.9%
<b>Return on Equity</b> (Profit for the Period / Average Equity)	4.8%	6.6%	6.3%	6.4%
<b>Return on Capital Employed</b> (Profit for the Period / Average Capital Employed)	3.5%	4.9%	4.9%	5.1%
<b>Net Debt / EBITDA*</b>	1.1x	0.5x	0.6x	1.4x
<b>Gearing Ratio</b> (Total Borrowings / Equity + Borrowings)	26.3%	25.8%	19.6%	20.2%
<b>Gearing Ratio (2)*</b> (Net Borrowings / Equity + Net Borrowings)	0.12x	0.08x	0.07x	0.15x
<b>Gearing Ratio (3)*</b> (Net Borrowings / Average FV adjusted Equity + Net Borrowings)	10.7%	6.3%	5.9%	12.9%
<b>Current Ratio</b> (Current Assets / Current Liabilities)	4.4x	1.8x	3.7x	4.0x
<b>Cash Ratio</b> (Cash & Equivalents** / Current Liabilities)	1.1x	0.2x	0.2x	0.4x
<b>Interest Cover Ratio</b> (EBITDA / Net Finance Cost)	6.4x	9.2x	12.2x	62.1x

\* The figure for Net Borrowings (also referred to as Net Borrowings) includes SDC Group Treasury Funds and funds invested by SDC in liquid money market instruments, as explained above.

\*\* Excluding the Group treasury funds

The Group's profitability ratios remained strong, albeit the slight dip as a result of compressed margins, as explained in more detail in earlier sections of this report.

The gearing ratios of the SDC Group improved in FY2024, reflecting the strong financial position of the Group, as explained in further detail in the section on SDC's funding analysis, above.

From a solvency perspective, the Group's ratios remained strong compared to industry peers, improving over those of FY2023, which were affected by the bond redeemed in July 2024 (as the amount moved from non-current liabilities to current liabilities). The Group's liquidity position, particularly when considering the T-bills amounting to over €22 million it had at the end of FY2024, remained invariably strong.

The ratios of FY2025 are expected to be largely similar to those achieved in FY2024 thanks to the strong performance of the Group. While borrowing is expected to increase, this is only marginal and the effect on the gearing ratios is only minimal. Whilst the lower balances of cash and cash equivalents are expected to impact the Group's solvency ratios, these nonetheless, remain robust and the current ratio is anticipated to be strong reflecting the increase in the value of inventory as the Halland Residencies near the phase of completion.

## **PART C** **LISTED SECURITIES**

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TI's listed debt securities comprise:

Bond: €25 million 3.75% Unsecured Bonds 2027

ISIN: MT0000231259

Redemption Date: 10 July 2027 at par

Prospectus Date: 29 May 2017

The table below compares SDC's financial metrics (as the guarantor to the TI bond) to those of a few other companies which have debt securities listed on the Malta Stock Exchange and maturing in the same years as the TI bond (or their respective guarantors). It is to be noted, however, that there are significant differences in the business models of each of the listed companies being compared below and an exact match to the operations and business of the Issuer and Guarantor is not available. Thus, while the metrics below can be used as a gauge of SDC's financial standing when compared to other issuers listed locally, they do not capture the quantitative factors such as the different business models of each issuer, their competitive position in the market, KPIs, etc. The list below compares the outstanding bond of TI to a few other issuers which have comparable maturities. Such list is not exhaustive.

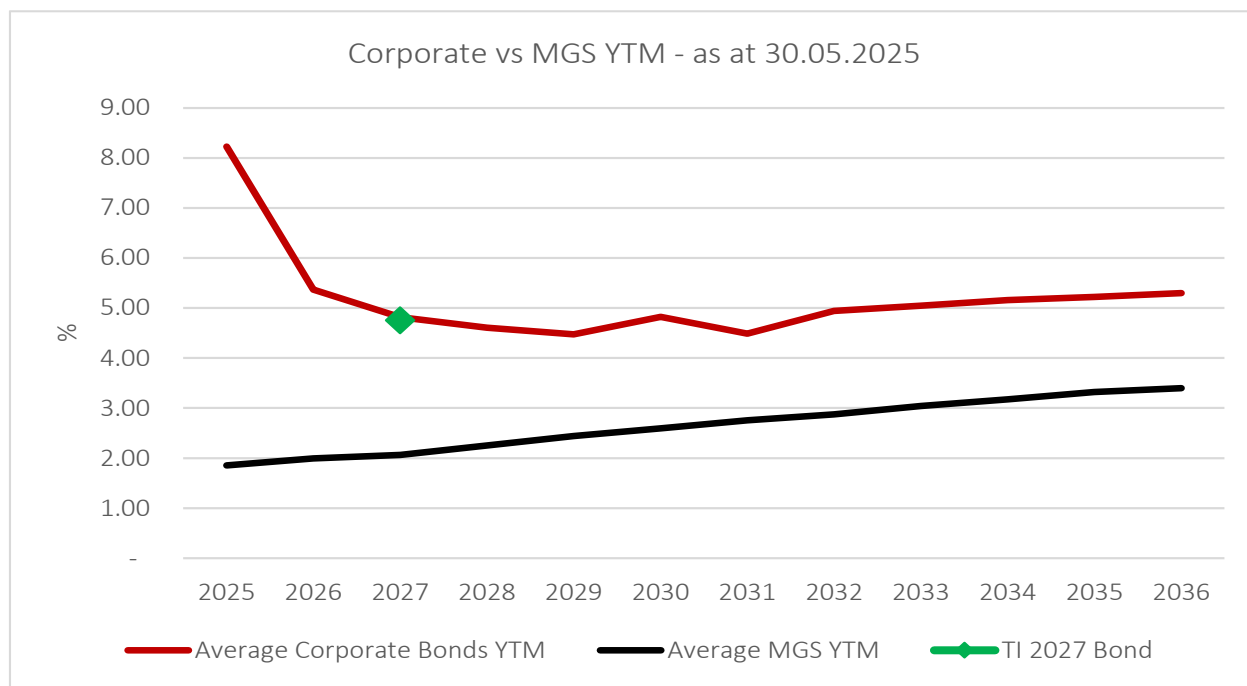
	Outstanding Amounts (€)	Gearing Ratio (%) <sup>^</sup>	Net Debt to EBIDTA (times)	Interest Cover (times)	YTM (as at 30.05.2025) %
<b>3.75% Tumas Investments plc 2027</b>	<b>25,000,000</b>	<b>17.6%<sup>^^</sup></b>	<b>1.6x<sup>^^</sup></b>	<b>12.2x</b>	<b>4.76%</b>
3.50% Simonds Farsons Cisk plc 2027	20,000,000	8.9%	0.6x	24.3x	3.52%
4.00% Eden Finance plc 2027	40,000,000	28.5%	3.1x	10.1x	4.02%
3.75% Virtu Finance plc 2027	25,000,000	25.4%	0.8x	11.7x	4.83%

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 30 May 2025. Ratio workings and financial information quoted have been based on the issuers' and their guarantors where applicable, from published financial data for the financial year 2024.

<sup>^</sup>Gearing:  $\text{Net Debt} / (\text{Net Debt} + \text{Total Equity})$

<sup>^^</sup> Excludes SDC Group Treasury Funds. If SDC Group Treasury Funds are included the Gearing Ratio would be **5.9%** and Net Debt to EBITDA would amount to **0.6 times**.

The chart below shows the average yield to maturity of the TI 2027 bonds compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as of 30 May 2025.



The Company's 2027 bond is currently yielding 4.76% representing a 6-basis points discount to the equivalent average corporate bonds' yield to maturity for 2027 maturities and at a 270-basis points premium over the average MGS yield to maturity for 2027 maturities.

## INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

## CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Free Cash Flow (FCF)	FCF represents the amount of cash remaining from operations after deducting capital expenditure requirements.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

## STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-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.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Free Cash Flow (FCF)	FCF represent the amount of cash remaining from operations after deducting capital expenditure requirements.

## PROFITABILITY RATIOS

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing net profit by capital employed.
Return on Assets	Return on assets (ROA) measures the rate of return on the assets of the company. This is computed by dividing profit after tax by total assets.

## LIQUIDITY RATIOS

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

## SOLVENCY RATIOS

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets and is calculated by dividing a company's net debt by net debt plus shareholders' equity.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

## OTHER DEFINITIONS

Yield to Maturity	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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