The Directors
Bonnici Bros. Properties p.l.c.
Bonnici House,
Sardine Street, Burmarrad,
St. Paul's Bay, Malta

20 June 2025

Re: Financial Analysis Summary – 2025

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**" or "**FAS**") 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 Bonnici Bros. Properties 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 30 January 2023 (the "**Prospectus**"), or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2022, 2023 and 2024 has been extracted from the audited financial statements of Bonnici Bros. Properties p.l.c. for the three years in question.

(b) The forecast data for the financial year ending 2025 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 investors in the Issuer's securities and potential investors by summarising the more important financial data of the Issuer. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, 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 2025

20 June 2025
Prepared by Calamatta Cuschieri
Investment Services Limited

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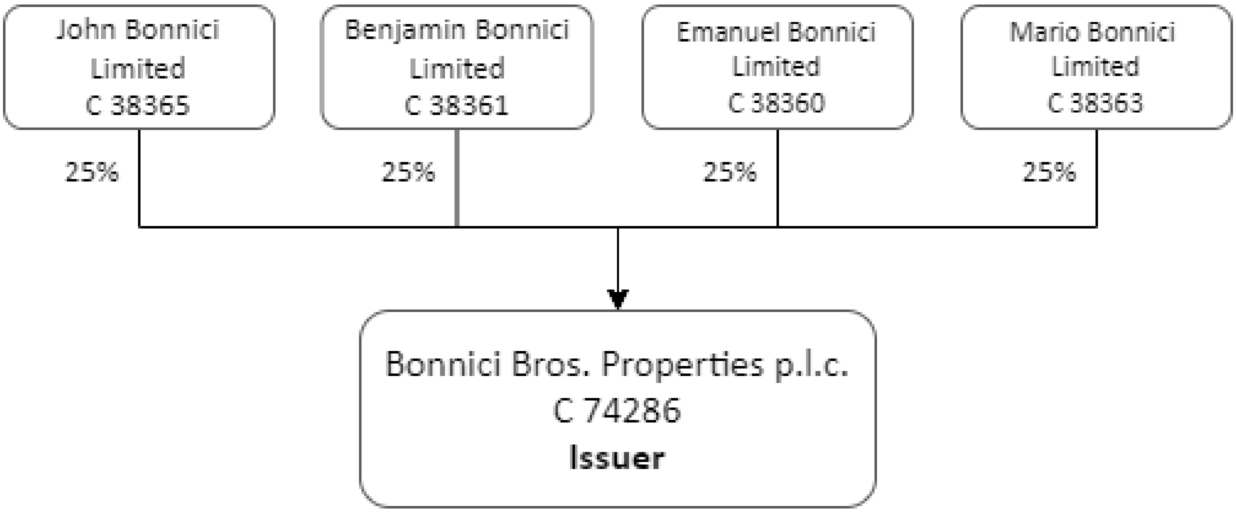
Part 1 - Information about the Issuer

1.1. Issuer's Key Activities and Structure



The Issuer (hereinafter also referred to as "**BBPL**" or the "**Company**") was incorporated as Bonnici Bros. Properties Ltd on 9 February 2016 and has, at the date of this Analysis, an authorised share capital of €5,000,000, divided into 5,000,000 Ordinary Shares of €1 each, and an issued share capital of €5,000,000, divided into 5,000,000 Ordinary Shares of €1 each, all fully paid up. The Issuer's share capital is equally divided into four classes of shares such that each class of shareholder holds a 25% equity stake in the Company. The shareholders of the Ordinary 'A' Shares do not have the right to appoint any directors to the Board. The shareholders of the Ordinary 'B' Shares, Ordinary 'C' Shares and Ordinary 'D' Shares shall each have the right to appoint two (2) directors to the Board. Other than the voting rights for the appointment of directors to the Board, share classes rank *pari passu* between them and have the same rights. John Bonnici Limited, Benjamin Bonnici Limited, Emanuel Bonnici Limited and Mario Bonnici Limited were all incorporated on 4 April 2006.

BBPL was incorporated to carve out the property held within the Bonnici Bros. Group, which comprises Bonnici Bros. Limited ("**BBL**"), a limited liability company with registration number C 3905 situated at Bonnici House, Sardine Street, Burmarrad, St. Paul's Bay, Malta, as the parent company, and its direct subsidiary companies.

As at the date of this Analysis, 2 batches of property transfers have taken place, the first being in April 2018 and the second in June 2020, with a total cost of €7.34m and €7.35m, respectively. The aforementioned property, which the Issuer acquired from Bonnici Bros. Group, is in the major part leased out to related and third parties. The Issuer aims to develop the empty sites that it owns for re-sale and/or investment purposes.

1.2. Directors and Key Employees

Board of Directors – Issuer

As of the date of this Analysis, the board of directors of the Issuer is constituted by the following persons:

Name	Office Designation
Mr Jozef Wallace Galea	Chairman and Independent Non-executive Director
Mr Alfred Attard	Independent Non-executive Director
Mr Richard Abdilla Castillo	Independent Non-executive Director
Mr Gilbert Bonnici	Executive Director
Mr David Bonnici	Executive Director
Ms Joanne Azzopardi Bonnici	Executive Director

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

Dr Laragh Cassar is the company secretary of the Issuer.

The board of the Issuer is composed of six directors who are entrusted with its overall direction and management. The executive directors are entrusted with 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.

1.3. Major Assets Owned by the Company

1.3.1 Bonnici House

The Bonnici House, located in Triq is-Sardin, Burmarrad, consists of commercial premises over 5 levels, comprising a garage and storage space, a showroom, and 3 floors of offices being leased to related party tenants (Levels 0 & 1 to UNEC Ltd and Levels 3 & 4 to BBL). Level 2 is currently vacant and is earmarked to be leased to third parties.

1.3.2 Bonnici Garage

The Bonnici Garage, also located in Triq-is-Sardin, Burmarrad, consists of an industrial complex with workshops, a yard and offices at ground level being leased to a related party, namely UNEC Servicing Ltd.

1.3.3 Birkirkara Properties

The Birkirkara properties are residential apartments which had been transferred to BBPL from BBL and, through an assignment of debt and novation agreement, were financed through shareholders' capital contribution. All 3 apartments have been fully furnished and are currently leased out to third parties.

1.3.4 Burmarrad Warehouses

In December 2020, BBPL contracted a related party to excavate, construct and finish the land at Ta' Habel Mica which is a property situated at Triq il-Papa Gwanni Pawlu II, in Burmarrad. The aim for the Burmarrad warehouses is to serve as a storage facility and is expected to be leased out to a mix of related and third parties.

Originally a permit was granted to build the warehouse spaces on ground floor level and works commenced in April 2021. In November 2023, a new permit to granted to build the warehouse spaces in both ground floor and basement level. Management expects that the building of the warehouse spaces to be completed early 2026.

1.3.5 Quarries in Mqabba

In FY21, BBPL acquired 2 quarries in Mqabba, which are classified as property and equipment. They are currently in the excavation stage and management expects them to be fully excavated by June 2026. "Mqabba Quarry 1" is found in Valletta Road, Sqaq No. 2 and is made up of 5,290m^2 quarry area and 19,781m^2 total site area. "Mqabba Quarry 2" consists of 3,457m^2 of quarry area.

Following the completion of excavation works, BBPL is planning to fill the said quarries with construction and demolition waste over a total period of 9 years. Management stated that the quarries will be fully excavated and landfilled over the term of the bond issued in terms of the Prospectus, with the intention of subsequently selling the land by the time the said bond reaches maturity.

1.3.6 Mercury Suites Apartments

BBPL acquired 3 apartments in a finished state in Block 2, Mercury Suites, St. Julian's in March 2022. The properties themselves are located on the second, third and fourth floor levels within the second residential block. The suites were available for lease as from March 2025 and were leased out to third parties in April 2025.

1.3.7 Sliema Townhouse

The Sliema Townhouse is situated in Milner Street, Sliema. BBPL has originally applied for a permit covering the change of use from a disused residence to a Class 3B hotel having 7 floors comprising 24 rooms and amenities. The plot consists of 194m^2 at ground floor level only and a subsequent 235m^2 of airspace. The initial intention was to build a hotel, however the Issuer submitted an application to obtain a permit to build a guesthouse instead. This permit was awarded and commencement of works are scheduled for early 2026.

1.3.8 Floriana Property

On 26 April 2023, the Issuer acquired a property in Floriana. The property is situated at 23, Triq Vincenzo Dimech corner with Triq l-Iljun, Floriana and comprises a converted townhouse with an approved Class 2C educational building permit and is currently operational as such. This property is leased out to third parties.

1.3.9 Green Grove Guesthouse

On 27 March 2024, the Company acquired the Green Grove in Swieqi with a guesthouse comfort licence issued by the Malta Tourism Authority. This property was leased out to third parties as from 15 April 2024. This investment was partially financed through own funds generated from operations and a new bank loan facility issued by a commercial bank under normal business terms.

Management stated that the intention is for the 4 properties mentioned in 1.3.6 to 1.3.9 above to be leased out exclusively to third parties and not operated directly.

Part 2 - Historical Performance and Forecasts

The financial information in sections 2.1 to 2.3 is extracted from the audited financial statements of the Issuer for the financial years ended 31 December 2022, 2023 and 2024 and includes projected financial information for the year ending 31 December 2025 which has been provided by the Company's management.

This financial information relates 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 forecast and actual results may be material.

2.1. Issuer's Statement of Comprehensive Income

Issuer's Statement of Comprehensive Income for the year ended 31 December	2022A	2023A	2024A	2025F
	€000s	**€000s**	**€000s**	**€000s**
Revenue	960	1,142	1,443	1,334
Direct operating expenses	(30)	(61)	(67)	(6)
Gross profit	**930**	**1,081**	**1,377**	**1,328**
Administrative expenditure	(207)	(218)	(187)	(191)
Fair value movement of investment property	-	220	919	700
Other expenses	(10)	-	-	-
EBIT	**713**	**1,084**	**2,108**	**1,837**
Finance cost	(155)	(559)	(726)	(735)
Finance income	-	66	58	-
Profit before income tax	**558**	**590**	**1,441**	**1,101**
Current tax charge	(216)	(181)	(229)	(180)
Deferred tax charge	(115)	(408)	(326)	(89)
Profit for the year	**227**	**1**	**886**	**832**

Ratio Analysis	2022A	2023A	2024A	2025F
Profitability				
Growth in Revenue (YoY Revenue Growth)	108.70%	18.97%	26.38%	(7.61)%
EBIT Margin (EBIT / Revenue)	74.27%	94.89%	146.07%	137.72%
EBIT Growth	(5.31)%	52.01%	94.54%	(12.89)%
Net Margin (Profit for the year / Revenue)	23.65%	0.12%	61.36%	62.39%
Return on Common Equity (Net Income / Average Equity)	1.37%	0.01%	5.10%	4.64%
Return on Assets (Net Income / Average Assets)	0.75%	0.00%	2.43%	2.10%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	3.19%	3.29%	5.47%	5.03%

The primary revenue driver in FY24 was the Burmarrad properties including the warehouses, accounting for 66% of the total revenue. Lease income streams generated from new contracts entered into during the year on property which was not leased out in FY23 led to a growth in revenue of 11.5% in FY24. There was a 42.9% increase in property lease income during the year, amounting to €819k (FY23: €573k). Management expects no revenue to be generated from the excavation of quarries during FY25 (FY24: €100k in revenue).

Property costs related to consumption of water and electricity are recharged to tenants. The expected decrease in cost of sales in 2025 is linked to the expected lack of revenue from excavation of the quarries. Administrative expenditure remained stable in FY24 and are expected to remain so in the forecasted period.

BBPL recognised a €919k fair value gain on investment property during the year ended 31 December 2024. The significant uplift in fair value is driven by market prices, the granting of development permit and new lease contracts entered into during 2024. Management expect another significant uplift in fair value in FY25 in view of the completion of the building of the warehouses.

Total finance costs amounted to €726k while the finance income generated came in at €58k, resulting in a net finance cost of €668k. This meant an increase in finance costs of roughly €167k primarily due to the full year interest incurred on the bond issue in FY24 (€656k) compared to the nine months of bond interest incurred in FY23 (€491k) along with interest charges on bank borrowings and loans related to corporate shareholders. In FY24, an additional €1.1m bank loan was secured by BBPL, bearing an interest rate of 4% per annum to finance the Green Grove Guesthouse as noted in 1.3.9.

In FY24, BBPL achieved a profit before taxation of €1.4m which is higher than the €590k achieved in FY23, primarily due to the higher fair value movement of investment property and revenue generated. The profit after taxation was significantly affected by a deferred tax charge due to the increase in market valuation of investment properties.

As a result of the significant movement in fair value of investment properties, a higher net margin was recorded in FY24 compared to previous years. This is expected to be repeated in FY25.

2.1.1 Variance Analysis

Income Statement	2024P	2024A	Variance
	€000s	€000s	€000s
Revenue	1,448	1,443	(5)
Direct operating expenses	(46)	(67)	(21)
Gross profit	**1,402**	**1,377**	**(25)**
Administrative expenditure	(191)	(187)	4
Fair value gain on investment property	200	919	719
EBIT	**1,411**	**2,108**	**697**
Finance cost	(735)	(726)	9
Finance income	30	58	28
Profit before tax	**706**	**1,441**	**735**
Current tax charge	(225)	(229)	(4)
Deferred tax charge	(113)	(326)	(213)
Profit for the year	**368**	**886**	**518**

Gross profit was €25k lower than budgeted as a result of higher cost of excavation and the termination of a lease agreement during the third quarter of 2024.

Administrative expenses in FY24 were in line with projections.

Fair value gains were €719k higher than what was anticipated due to the reasons explained in section 2.1 above.

Finance costs were in line with forecasts while finance income was €28k higher than expected due to the prolonged period during which the company was entitled to earn interest.

Actual tax charge was €229k resulting in a minor negative variance when compared to the projected tax charge of €225k. The deferred tax charge is €213k higher due to the recognition of deferred tax on the fair value movement on investment property as explained in section 2.1 above.

As a result of the higher-than-expected fair value movement on investment property, profit before tax and net profit increased by €735k and €518k respectively.

2.2. Issuer's Statement of Financial Position

Issuer's Statement of Financial Position as at 31 December	2022A	2023A	2024A	2025F
	€000s	**€000s**	**€000s**	**€000s**
Assets				
Non-current assets				
Property and equipment	2,194	2,194	2,193	2,193
Investment property	29,298	32,055	35,765	38,011
Total non-current assets	**31,492**	**34,249**	**37,958**	**40,204**
Current assets				
Trade and other receivables	319	2,548	1,737	334
Contract assets	43	68	34	34
Current tax assets	-	-	-	61
Cash and cash equivalents	18	762	88	547
Total current assets	**380**	**3,378**	**1,859**	**976**
Total assets	**31,872**	**37,627**	**39,817**	**41,180**
Equity				
Share capital	5,000	5,000	5,000	5,000
Capital contribution reserve	6,620	6,620	6,620	6,620
Retained earnings	5,440	5,441	6,327	7,159
Total equity	**17,060**	**17,061**	**17,947**	**18,779**
Liabilities				
Non-current liabilities				
Borrowings	2,558	12,760	13,712	13,667
Trade and other payables	36	40	49	549
Deferred tax liabilities	2,663	3,071	3,397	3,486
Total non-current liabilities	**5,257**	**15,871**	**17,159**	**17,715**
Current liabilities				
Borrowings	1,419	-	103	116
Trade and other payables	7,981	4,623	4,583	4,582
Current tax liabilities	152	71	26	-
Contract liabilities	3	1	1	1
Total current liabilities	**9,555**	**4,695**	**4,712**	**4,686**
Total liabilities	**14,812**	**20,566**	**21,870**	**22,401**
Total equity and liabilities	**31,872**	**37,627**	**39,817**	**41,180**

Ratio Analysis	2022A	2023A	2024A	2025F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	18.84%	41.29%	43.34%	41.34%
Gearing 2 (Total Liabilities / Total Assets)	46.47%	54.66%	54.93%	54.40%
Gearing 3 (Net Debt / Total Equity)	23.21%	70.32%	76.49%	70.48%
Net Debt / EBITDA	5.55x	11.07x	6.51x	7.21x
Current Ratio (Current Assets / Current Liabilities)	0.04x	0.72x	0.39x	0.21x
Interest Coverage 1 (EBITDA / Cash interest paid)	N/A	N/A	N/A	N/A
Interest Coverage 2 (EBITDA / Finance Costs)	4.60x	1.94x	2.90x	2.50x

Total assets as at December 2024 increased by 6% to €39.8m from €37.6m as at December 2023. The largest component of BBPL's asset base remains the investment property consisting of undeveloped land, property under construction, and other immovable properties in a finished state. In FY24, investment property increased by €3.7m through additions of €2.8m and a fair value uplift of €0.9m. As at December 2024, 90% of total assets relates to investment property. Property, plant and equipment predominantly relates to the quarries owned by the Issuer. Since no landfilling activity has commenced as at December 2024, no depreciation was recognised.

Trade and other receivables decreased by €811k, primarily due to a €933k reduction in payments made in advance to contractors for works completed in FY24. Contract assets decreased from €68k as at December 2023 to €34k as at December 2024 while the Issuer's cash position decreased significantly due to the acquisition of investment property.

The Issuer's investment property is expected to increase to €38.0m in value as a result of €1.4m in capital works on the warehousing properties and €700k in property appreciation. Trade and other receivables are expected to continue decreasing as works on which the Company paid in advance are completed.

The equity base increased by €886k, in line with the profit achieved during FY24 with no change in the share capital and capital contribution reserve. This is expected to be the case during the forecasted period, with increases in the equity base coming from expected profits.

The Company secured a €1.1m bank loan in FY24 which is secured by a special hypothecary guarantee over BBPL's Green Grove Guesthouse up to a limit of €1.1m. The bank loan is repayable over a period of 15 years.

Trade and other payables marginally decreased, primarily due to a €53k reduction in amounts owed to related parties. The amounts owed to related parties are unsecured, interest-free and payable on demand. Non-current trade and other payables in 2025 are expected to increase by €500k driven by the works expected to be performed on the warehouses.

The deferred tax liabilities increased in line with the deferred tax charge on the increase in fair value of the investment property.

The liquidity position of the Company has declined in FY24 with current assets covering current liabilities by 0.39x compared to the 0.72x current ratio recorded in FY23. When removing related party balances payable (which are interest free and repayable on demand), the current ratio for FY24 amounts to 1.53x.

The increase in interest bearing debt increased the gearing level slightly to 43.34% (vs. 41.29% in FY23). This is expected to remain below 50%. The Issuer's interest coverage ratio stood at 2.9x in FY24 (1.6x when excluding FV gain on investment property).

2.3. Issuer's Statement of Cash Flows

Issuer's Statement of Cash Flows for the year ended 31 December	2022A	2023A	2024A	2025F
	€000s	€000s	€000s	€000s
Cash flows from operating activities				
Profit before tax	558	590	1,441	1,101
Adjustments for				
Fair value gain on investment properties	-	(220)	(919)	(700)
Depreciation		0	0	0
Finance cost	155	559	726	735
Finance income	-	(65)	(58)	-
Other expenses	10	-	-	-
Movement in working capital				
Movement in trade and other receivables	(9)	(213)	(179)	539
Movement in trade and other payables	75	(39)	(33)	(0)
Cash flows generated from operations	**789**	**613**	**978**	**1,676**
Taxation paid	(184)	(262)	(274)	(267)
Net cash flows from operating activities	**606**	**351**	**703**	**1,409**
Cash flows from investing activities				
Acquisition of investment properties	(2,886)	(8,425)	(1,707)	(182)
Acquisition of property, plant and equipment	-	-	-	-
Net cash flows used in investing activities	**(2,886)**	**(8,426)**	**(1,707)**	**(182)**
Cash flows from financing activities				
Proceeds from bank borrowings	2,652	-	1,071	-
Proceeds from bond issue	-	12,000	-	-
Net movement of bank borrowings	(291)	(2,986)	(111)	(138)
Payment of bond related expenses	(73)	(196)	-	-
Bond Interest payments	-	-	(630)	(630)
Net cash flows from / (used in) financing activities	**2,288**	**8,818**	**330**	**(768)**
Movement in cash and cash equivalents	**78**	**744**	**(674)**	**458**
Cash and cash equivalents at start of year	10	18	762	88
Cash and cash equivalents at end of year	**18**	**762**	**88**	**547**

Ratio Analysis	2022A	2023A	2024A	2025F
Cash Flow	€000s	€000s	€000s	€000s
Free Cash Flow (Net cash from operations - Capex)	€(2,280)	€(8,075)	€(1,004)	€1,227

After adjusting for both non-cash items and movements in working capital the Issuer was able to generate positive net cash flows from operating activities which amounted to €703k in FY24. This is forecasted to increase, reaching €1.4m in FY25 driven by a refined credit policy being applied to customers.

The net cash flows used in investing activities related to investment properties amounted to €0.2m excluding payments made in advance.

Net cash flows from financing activities were €330k during the year which included a €1.1m bank loan drawdown to part finance the acquisition of investment property. Cash flows from financing activities also included interest and principal repayments related to the new bank loan and the payment of the annual bond coupon. No further debt drawdown is projected in FY25.

Overall the Issuer recorded a negative cash movement of €674k in FY24 and ended the year with a cash balance of €88k.

While the free cash flow during the year was negative, the projected free cash flow is expected to increase positively to €1.2m in FY25. This indicates healthy cash generation from its operating activities after accounting for cash outlay used for capital expenditures.

Part 3 - Key Market and Competitor Data

3.1. General Market Conditions

The Issuer is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget and their profitable operation. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Group's planning during development, this shall have an adverse impact on the financial condition of the Group and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

3.2. Economic Update[1]

The Central Bank of Malta's Business Conditions Index (BCI) indicates that in April 2025, annual growth in business activity increased marginally, and remained slightly above its long-term historical average as estimated since January 2000.

The European Commission confidence surveys show that sentiment in Malta decreased in April, but nevertheless remained above its long-term average, estimated since November 2002. The latest deterioration was mostly driven by the services sector.

In terms of economic uncertainty, the Central Bank of Malta's Economic Policy Uncertainty Index (EPU) continued its increase above its historical average estimated since 2004, indicating elevated levels of uncertainty. However, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased compared with March, indicating lower uncertainty and a potential trend reversal, predominantly driven by industry.

In March, industrial production rose at an accelerating pace whilst retail trade turned positive on a year-on-year basis. In February, the services sector recorded its first year-on-year contraction in activity since 2022.

The unemployment rate remained unchanged at 2.8% in March but stood below that of 3.4% in March 2024.

Commercial and residential building permits in March were higher than a month earlier. In April, the number of residential promise-of-sale agreements rose on a year earlier, whilst the number of final deeds of sale decreased.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 2.6% in April, up from 2.1% in the previous month. HICP excluding energy and food in Malta clocked in at 2.5%, remaining below the euro area average. Inflation based on the Retail Price Index (RPI) increased to 2.4%, up from 2.1% in March.

3.3. Economic Outlook[2]

According to the Central Bank's latest forecasts, Malta's gross domestic product (GDP) is expected to moderate from 6.0% in 2024 to 4.0% in 2025. Growth is then projected to ease further to 3.3% by 2027. Despite the impact of potential US tariffs, the Bank's forecasts remain broadly unchanged driven by an uptick in expected government consumption and investment plans.

The abovementioned growth is expected to be driven by domestic demand predominantly in private consumption and the continued recovery in investment. Net exports are also expected to retain a positive contribution over the projection period, albeit a smaller contribution when compared to domestic demand.

Employment growth is set to moderate, albeit from a high rate of 5.1% in 2024, to 2.3% by 2026 and 2027. The unemployment rate is expected at 3.0% for 2025 and remain at this rate throughout the forecast period. In line with the decrease in inflation pressures and labour market tightness, growth in the average wage is expected to ease from 5.9% in 2024 to 4.4% in 2025, and is then expected to moderate further in the forecast years that follow.

Annual inflation based on the Harmonised Index of Consumer Prices is projected to continue its decrease from 2.4% in 2024 to 2.3% in 2025 and reaching 2.0% by 2027. Compared to previous projections, inflation has been revised up by 0.2 and 0.1 percentage points in 2025 and 2026 respectively, largely reflecting recent outcomes in services inflation.

The general government deficit-to-GDP ratio is set to decline to 3.5% in 2024, and to narrow further over the rest of the forecast horizon, to stand at 2.7% by 2027. The general government debt-to-GDP ratio is set to increase throughout the forecast horizon, stabilising at 48.6% by 2026. When compared with the previous projection round, the projected deficit ratio is higher, while the debt ratio has been revised slightly lower.

Risks to activity are broadly balanced. Downside risks largely relate to possible negative effects on foreign demand arising

[1] Central Bank of Malta – Economic update – 5/2025

[2] Central Bank of Malta – Economic Projections 2025 – 2027

from geopolitical tensions, additional US tariffs, and any potential additional retaliatory measures. On the other hand, the labour market could exhibit stronger dynamics than expected, which could result in stronger than expected consumption and investment growth.

Risks to inflation are also broadly balanced over the forecast period and mainly related to external factors. Upside risks to inflation in the short term are also linked to global trade policy and potential retaliatory measures. Such risks could also be counterbalanced by the rerouting of exports from competitor countries to the EU and heightened competitive pressures in markets targeted by tariffs. On the downside, imported inflation could fall more rapidly than expected if the adverse effects of trade barriers on global demand turn out stronger than expected.

On the fiscal side, risks are mostly tilted to the downside (deficit-increasing). These mainly reflect the possibility of slippages in current expenditure. They also reflect the possibility of additional increases in pensions and wages in the outer years.

3.4. Residential Property Development[3]

In May 2025, Malta's residential property market demonstrated significant growth. The number of final deeds of sale reached 1,199, marking an 11.6% increase compared to May 2024. The total value of these transactions was €321.6 million, up 3.9% from the previous year. The majority of these deeds (90.0%) involved individual buyers, with the value of these transactions amounting to €269.5 million, representing 83.8% of the total value.

Geographically, the highest activity was recorded in the Northern Harbour and Southern Harbour districts, with 356 and 200 deeds respectively. Localities such as San Pawl Il-Baħar, Birkirkara, and Il-Mosta saw the most transactions, accounting for 15.8% of the total final deeds of sale.

Regarding property types, apartments and garages were the most transacted, comprising 34.8% and 21.8% of the total properties, respectively.

Additionally, there were 1,378 promise of sale agreements, reflecting a 9.7% increase from May 2024. Individual buyers accounted for 88.9% of these agreements. The Northern Harbour district recorded the highest number of these agreements, followed by the Northern district. The top localities for promise of sale agreements were San Pawl Il-Baħar, il-Mosta and Birkirkara, making up 17.9% of the total agreements.

3.5. Commercial Property Market[4]

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 to be a cultural and administrative hub with many law firms, government entities and long-established family businesses holding their main office space there.

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.

Although the supply for commercial property has increased in recent years, rental demand is still greater than supply as can be seen in the increase in average asking rental rates for office space which increased to €234/sqm in 2024, up from €214/sqm in 2023. The largest increase in rental rates came from the central region which saw growth of 12.5%. Further analysis shows that the highest proportion of office space can be found in the Northern Harbour region (56.3% of all listings), followed by the Central region (29.6%).

However, commercial property sales tell a story of divergence. Office properties are showing weakness, with the average price per sqm decreasing by 7.4% in 2024 over the prior year. On the other hand, retail commercial property remains strong, with selling prices per sqm increasing by 5.9% over the prior year. Key stakeholders in the commercial real estate segment also indicate that the industrial and warehousing segments remain strong.

This story of divergence, particularly in the office sector reflects potential misalignment of expectations between renters and property owners at the advertised prices stage.

[3] National Statistics Office – News Release – 104/2025

[4] KPMG & Malta development Association – Construction Industry and Property Market Report 2024

Despite last year's risks of higher local interest rates as resulting from the ECB's increase in base rate to up to 4.5%, these have so far not yet materialised in the local lending market. Since then, the ECB's base rate has been recently cut to 2.0%, supporting the expectations of lower inflation and mitigating, but definitely not yet eliminating, the level of risk to commercial property from movements in interest rates.

3.6. Tourism update[5]

According to the National Statistics Office (NSO), Malta's tourism sector experienced robust growth in 2024, with increases in tourist arrivals, guest nights and expenditure compared to the previous year.

Such growth appears to be continuing in 2025 with inbound tourists for the first four months of 2025 amounted to 1,044,657, an increase of 17.4% compared to the corresponding period in 2024. Similarly, total nights spent during the January – April 2025 period rose by 17.1%, reaching 5,985,257 nights from 5,109,521 nights over the same period in 2024.

Total tourist expenditure was estimated at €804.7 million during the first four months of 2025 compared to the €647.7 million estimated in 2024, equivalent to a 24.2% increase. Total expenditure per capita increased from €728 in 2024 to €770 in 2025.

According to the European Travel Commission Q4 2024 report[6], European tourism remained strong in 2024, despite geopolitical pressures and economic pressures, which are expected to continue into 2025. Indeed, inflationary pressures (which have impacted travel costs) have pushed tourists to seek value-for-money destinations, with Malta ranking among the top 5 countries in the EU that received the highest sentiment scores in terms of value for money.

3.7. Comparative Analysis

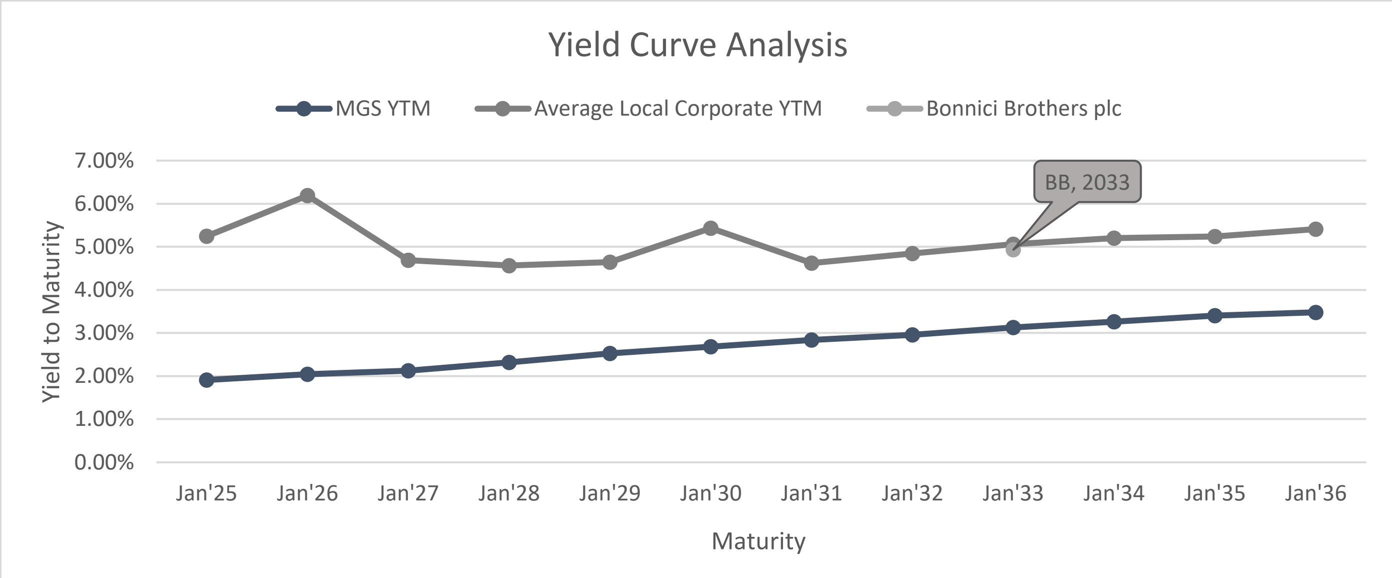
The purpose of the table below compares the proposed debt issuance of the Issuer to other debt instruments. Additionally, we believe that there is no direct comparable company related to the Issuer and as such, we included a variety of Issuers with different maturities. More importantly, we have included different issuers with a similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the business and that of other issuers are therefore different.

[5] National Statistics Office – News Release – 101/2025

[6] European Travel Commission - European Tourism: Trends & Prospects (Q4/2024)

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% SP Finance plc Secured € 2029	12,000	4.57%	4.0x	44.8	19.1	57.3%	48.0%	7.2x	0.6x	5.6%	10.8%	0.0%
3.65% Stivala Group Finance plc Secured € 2029	15,000	4.19%	22.9x	510.6	358.9	29.7%	22.0%	1.9x	0.9x	14.0%	170.8%	-10.7%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	2.6x	513.1	248.8	51.5%	41.6%	8.5x	1.3x	2.1%	6.1%	67.1%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.85%	(.8)x	279.0	66.1	76.3%	73.2%	(46.3)x	0.6x	-1.8%	-12.5%	-58.8%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.65%	0.6x	46.7	10.1	78.4%	73.5%	38.4x	1.9x	-9.9%	-18.9%	-16.3%
3.65% Mizzi Organisation Finance plc Unsecured € 2028-2031	45,000	4.42%	2.1x	308.6	95.8	69.0%	55.2%	11.4x	0.8x	0.7%	0.4%	3.7%
3.65% IHI plc Unsecured € 2031	80,000	4.76%	1.7x	1,795.3	910.4	57.5%	42.2%	8.8x	0.8x	-0.1%	-0.4%	6.6%
3.5% AX Real Estate plc Unsecured € 2032	40,000	4.75%	2.6x	513.1	248.8	51.5%	41.6%	8.5x	1.3x	2.1%	6.1%	67.1%
4.5% G3 Finance plc Secured € 2032	12,500	4.51%	2.2x	0.1	0.0	63.6%	54.4%	13.8x	0.3x	3.3%	4.9%	23.1%
4.3% Mercury Projects Finance plc Secured € 2032	50,000	4.82%	(.8)x	279.0	66.1	76.3%	73.2%	(46.3)x	0.6x	-1.8%	-12.5%	-58.8%
4% Malta Properties Company Plc Sec € 2032 S1/22 T1	25,000	4.25%	(2.6)x	99.4	57.5	42.2%	33.2%	7.2x	2.2x	4.5%	44.6%	13.5%
4.5% Shoreline Mall plc Secured € 2032	26,000	4.84%	3.1x	0.1	0.0	78.2%	68.2%	22.4x	0.6x	8.4%	15.1%	0.0%
4.65% Smartcare Finance plc Secured € 2032	7,500	4.65%	0.6x	46.7	10.1	78.4%	73.5%	38.4x	1.9x	-9.9%	-18.9%	-16.3%
4.85% JD Capital plc Secured € 2032 S1 T1	14,000	5.01%	5.8x	126.9	34.0	73.2%	99.5%	564.4x	1.7x	19.4%	40.5%	26.0%
5% Von der Heyden Group Finance plc Unsecured € 2032	35,000	5.16%	0.7x	154.2	29.4	80.9%	78.4%	75.6x	0.3x	-10.1%	-20.4%	-8.5%
5% CF Estates Finance plc Secured € 2028-2033	30,000	5.00%	0.0x	37.1	0.3	99.2%	99.1%	145.6x	1.2x	56.6%	6.7%	4.4%
5.25% Qawra Palace plc Secured € 2033	25,000	5.25%	1.0x	27.9	5.5	80.2%	79.2%	31.0x	2.9x	-17.7%	-16.2%	71.9%
5.25% Bonnici Bros Properties plc Unsecured € 2033 S1 T1	12,000	4.93%	2.1x	39.8	17.9	54.9%	43.3%	10.0x	0.4x	5.1%	61.4%	26.4%
6% JD Capital plc Secured Bonds 2033 S2 T1	11,000	5.53%	5.8x	0.1	0.0	73.2%	99.5%	564.4x	1.7x	19.4%	40.5%	26.0%
5.85% AX Group plc Unsecured € 2033	40,000	5.10%	2.6x	513.1	248.8	51.5%	41.6%	8.5x	1.3x	2.1%	6.1%	67.1%
6% International Hotel Investments plc 2033	60,000	5.54%	1.7x	1,795.3	910.4	57.5%	42.2%	8.8x	0.8x	-0.1%	-0.4%	6.6%
4.75% Dino Fino Finance plc Secured € 2033	7,800	4.66%	(1.4)x	14.8	1.6	88.9%	83.2%	(15.7)x	0.4x	-38.2%	-19.4%	-3.1%
5.75% Phoenicia Finance Company plc Unsec Bonds 2028-2033	50,000	5.16%	2.2x	160.3	77.2	51.8%	46.2%	10.6x	0.7x	-0.5%	-1.7%	23.3%
	Average*	4.80%										

Source: Latest available audited financial statements
Last closing price as at 12/06/2025
*Average figures do not capture the financial analysis of the Issuer



The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of Malta Government Stocks (MGS) (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 plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of comparable issuers having a maturity between 4-8 years (Peers YTM).

As at 11 June 2025, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 4-8 years was 186 basis points. The Bonnici Bros. Properties p.l.c. bond is currently trading at a YTM of 4.93%, meaning a spread of 180 basis points over the equivalent MGS. This means that this bond is trading at a discount of 6 basis points in comparison to the market.

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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).
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	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid 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	Is calculated by dividing Total Liabilities by Total Assets.
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	
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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