



Gillieru Investments plc (the “Company”)

4 MARCH 2024

BONDHOLDER MEETING



Key updates

Building on Recent Achievements

Overview of the Company



The Company forms part of the Gillieru Group which includes the Gillieru Holding Limited (“GHL”) and the Gillieru Catering Company Limited (“GCCL”).



GHL does not have employees. It operates through its Board of Directors, Mr. Stephen Cremona, Ms. Stephanie Cremona Busuttil and Ms. Anna Grech.



Gillieru Harbour Hotel

GCCL operates the Gillieru Harbour Hotel and Restaurant, now renamed to Ostrica Nera and currently is sub-managed by a third-party.



Ostrica Nera Restaurant

GHL owns the property and land upon which the Gillieru Restaurant operates, and where the Gillieru Harbour Hotel is located.

Directors

- Stephen Cremona
- Stephanie Cremona Busuttil
- Alfred Grech
- Karmenu Vella
- Karl Cremona (also Company Secretary)

Auditors

- Crowe

Audit Committee

- Alfred Grech
- Karmenu Vella
- Karl Cremona

Corporate Advisor

- Grant Thornton



Current operations of GHL and GCCL



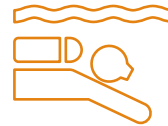
Gillieru Harbour Hotel offers B&B stays all year round



Lunch & dinner service by Ostrica Nera all year



Seaside F&B service during the summer at the Gillieru Lido



Dive Centre operating during the summer and extended to Spring and Autumn



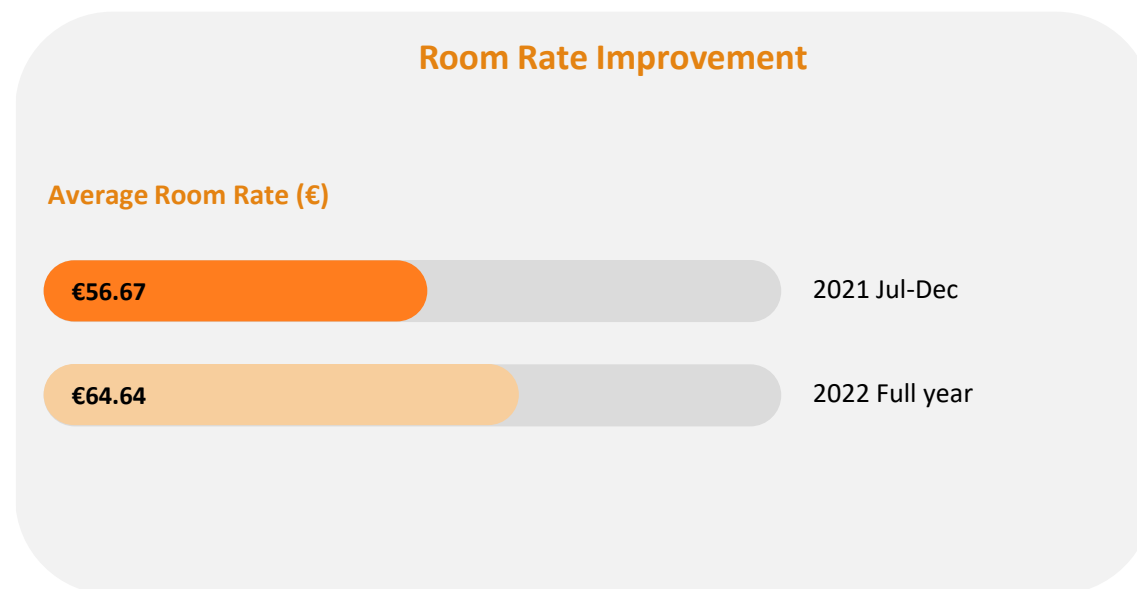
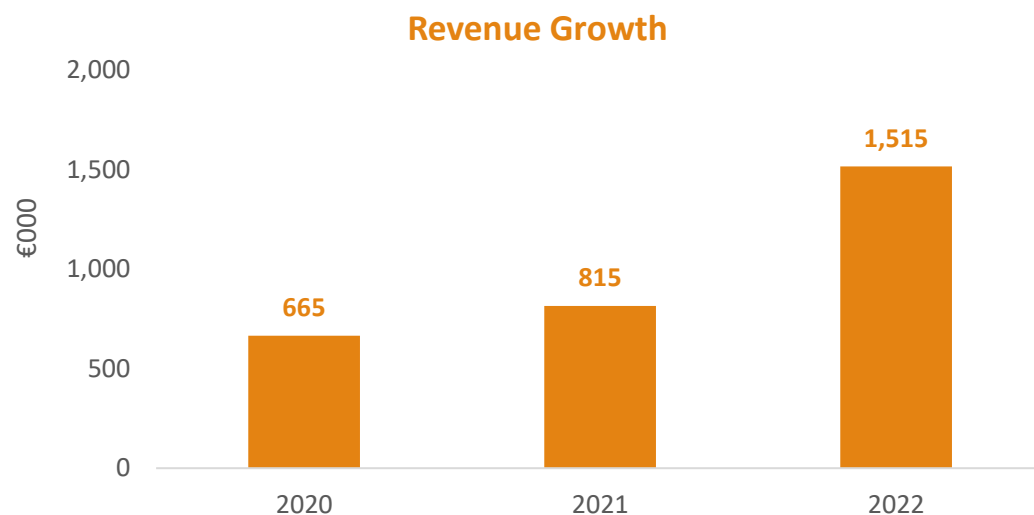
Rooftop Pool operating during the summer months



In-house cafeteria operating all year round

Building on Recent Achievements

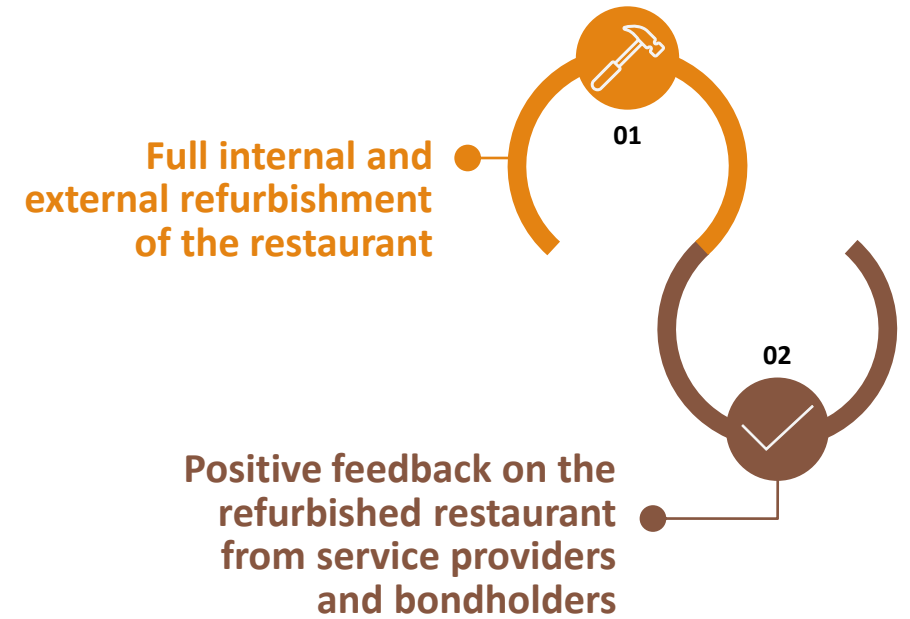
As the tourism industry recovers from the impact of the COVID-19 pandemic, the Company's total revenue surged upwards as from 2022, registering a 86% revenue growth compared to prior year. Also, the average room rate has increased by €7.97 per room within a period of one year, from 2021 to 2022.



Note: The information included above is collated from the Company's Company Admission Document (CAD), Website, Company Announcements, published Audited Financial Statements (AFS) and the circular published 4th March 2024.



Refurbishment of Restaurant following third party operator



Note: 1. First refurbishment of Restaurant included all sections including indoor & outdoor areas as disclosed in CAD.

Creation of 12 new rooms as part of the refurbishment



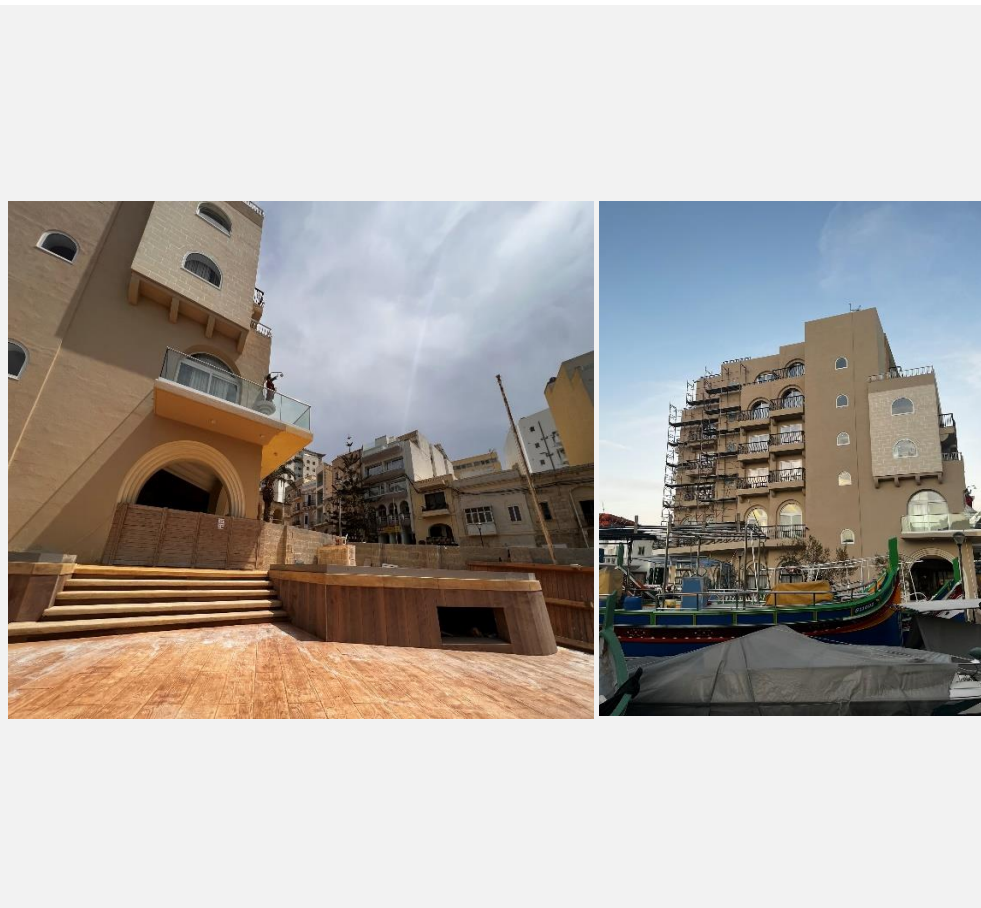
Transfer of the Dive Centre and Renovation of Garage as Dive Centre



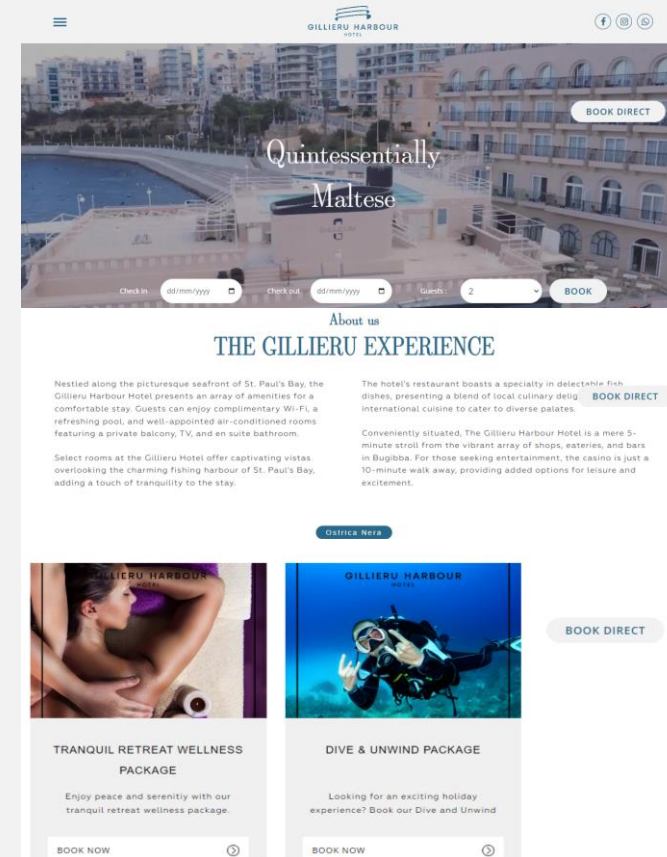
Creation of Wellness Centre, including a new Hairdresser & Nails Salon

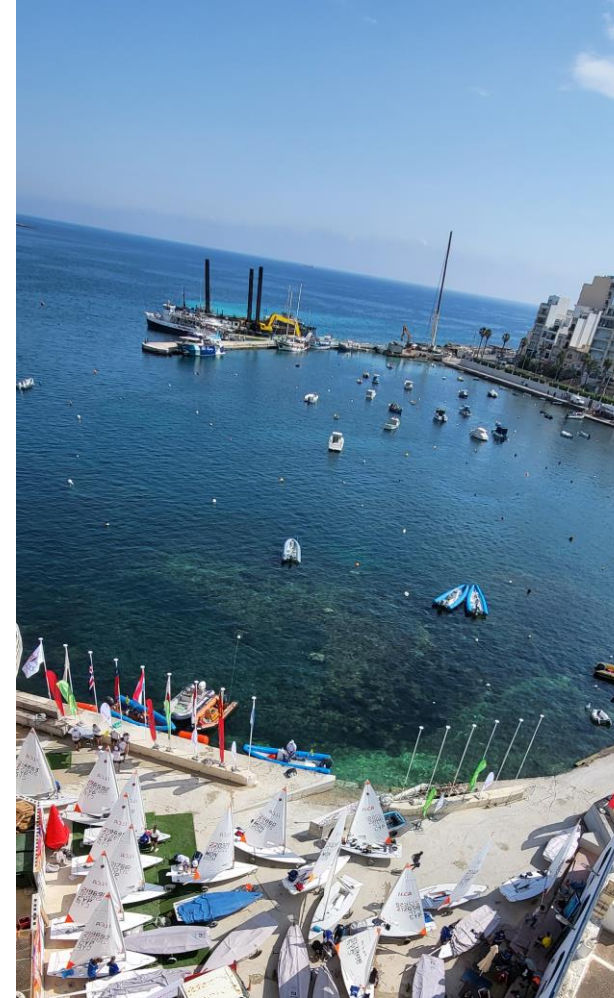
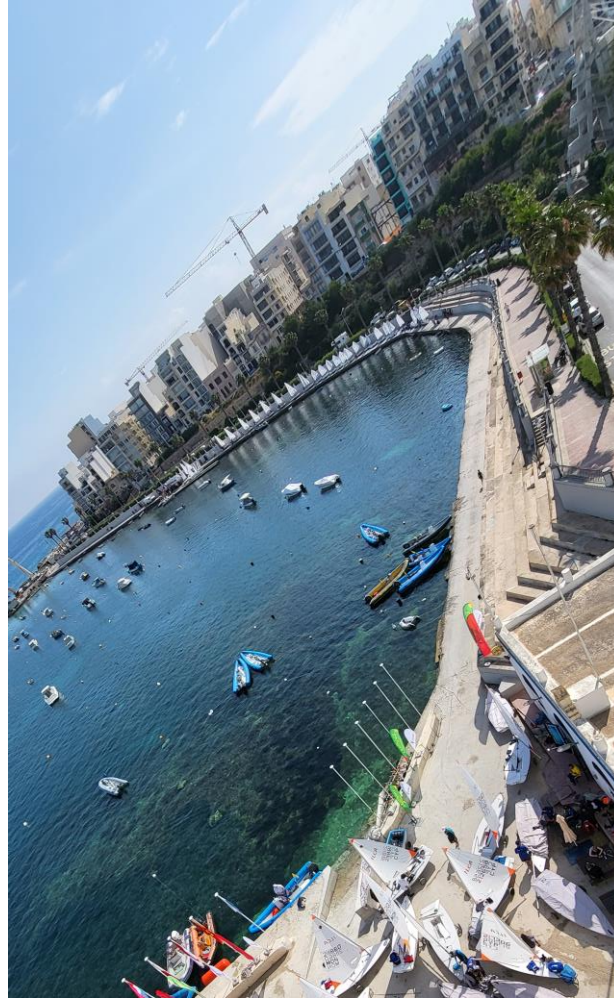


Upgrade of the entire hotel façade, including the refurbishment of the hotel entrance



Upgrade of Website and Booking Systems





Hosting of Games of Small Nation



Other projects

Other completed projects:

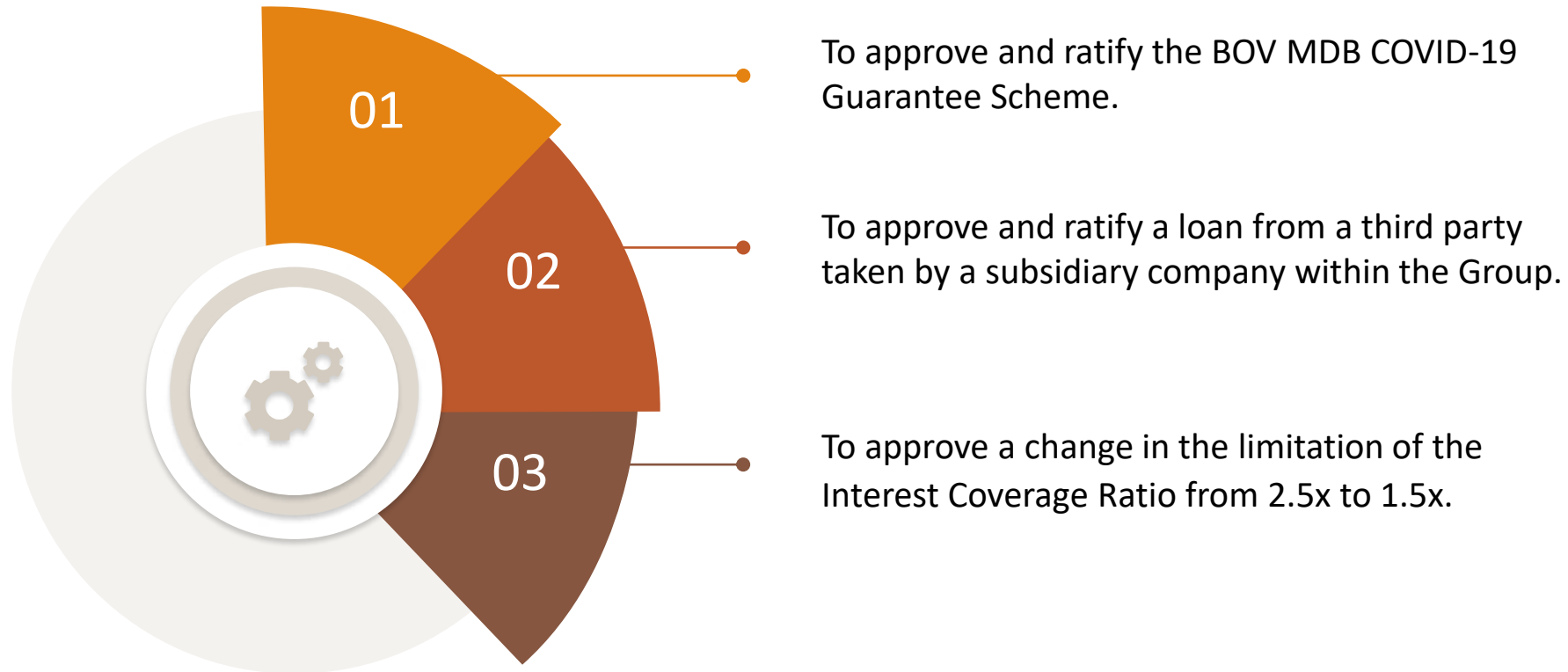
- New coffee shop
- New seaside lido



Reasons for holding the bondholders' meeting

Ratification of issues encountered to date

Key matters to be discussed



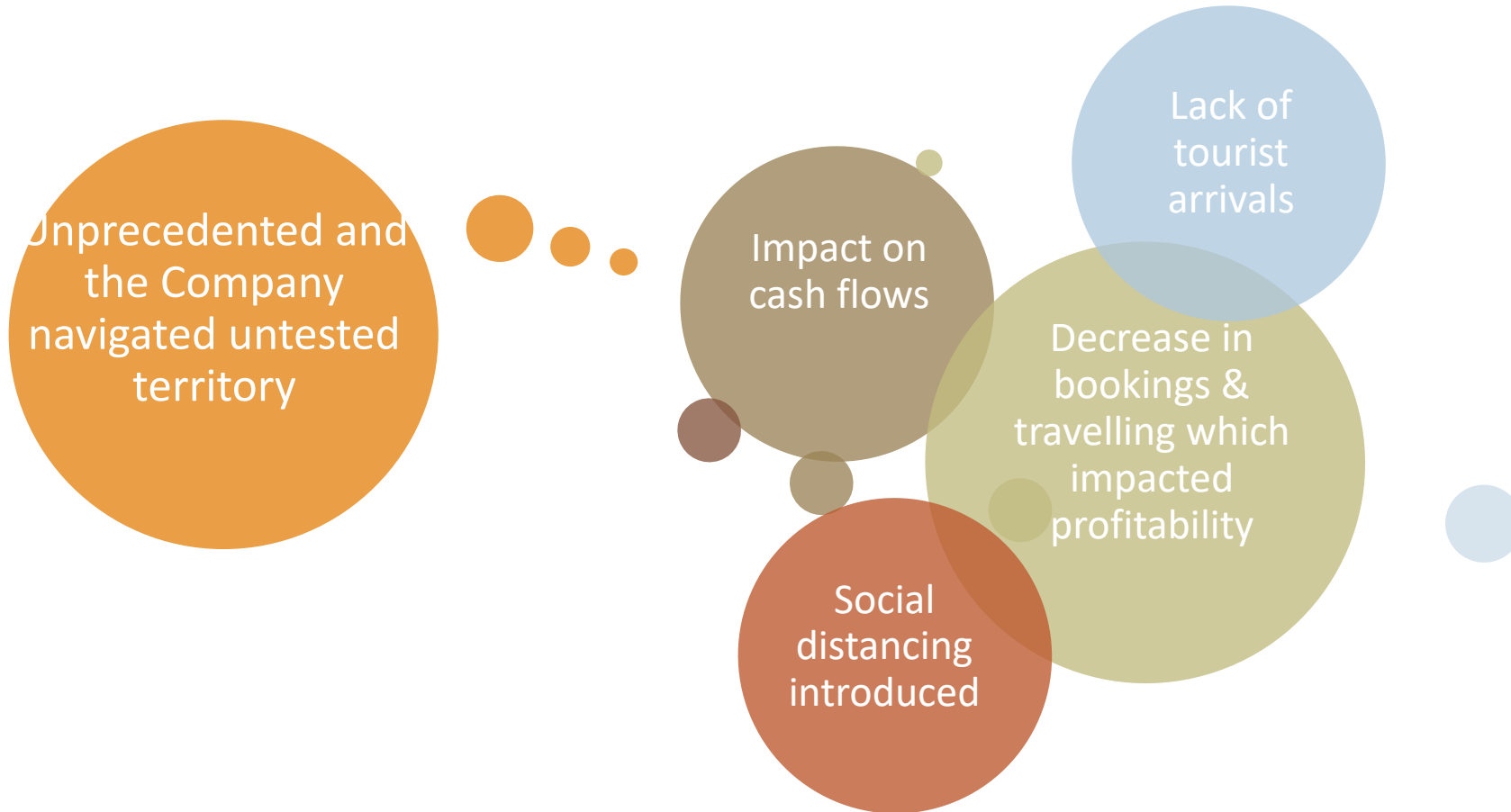
Clause 20.6 of the CAD

20.6 Limitation on debt

The Issuer will not, and will not permit any Group company to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “incur”) any debt; provided, however, that the Issuer and the Group companies may incur debt if:

- a) at the time of such incurrence the Interest Coverage Ratio² for the Group’s most recently ended four full fiscal quarters for which internal consolidated financial statements are available immediately preceding the incurrence of such debt, taken as one period, would have been at least 2.50x, determined on a pro forma basis after giving effect to the incurrence of such Debt and the application of the net proceeds therefrom; and
- b) Such debt would be incurred to finance any of the following:
 - a. The Group’s capital expenditure;
 - b. The Group’s working capital; and / or
 - c. The buy-out of the minority shareholders.

The COVID-19 pandemic



Financing did not impact negative pledge

Malta Development Bank (MDB) COVID-19 Guarantee Scheme and third party loan

- Due to the effects and disruptions caused by the COVID-19 pandemic to the Group's operations, the Group operating subsidiary availed itself of the government schemes and additional financing such as the *MDB COVID-19 Guarantee Scheme* to finance the cash shortfall encountered by the Group.
- Since availing of such financing, the Group has been able to continue to operate and can keep the longer-term future of the Group in sight for the benefit of the group itself and the bondholders. However, the following issues have also been encountered:



ICR stood below 2.5x

The financial support introduced meant that the interest coverage ratio (ICR) stood below 2.5x.



Impact of repayment terms on profitability and cash flows

The MDB facility has come at a significant cost and is currently impacting the subsidiary and the Group's profitability and cashflow due to the monthly commitment of repayment.

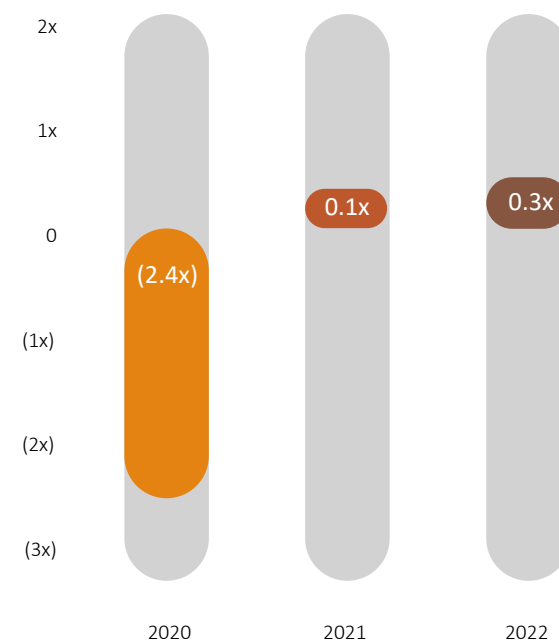
Impact on the ICR (FY2020 to FY2022)

Consolidated income statement for the years ended 31 December

€000	2020 Audited	2021 Audited	2022 Audited
Revenue	666	816	1,516
Direct costs	(929)	(527)	(891)
Gross profit on hospitality operations	(263)	289	625
Selling costs	(114)	(84)	(104)
Administrative expenses	(288)	(326)	(612)
Rental income	35	144	183
EBITDA	(629)	23	92
Depreciation	(176)	(185)	(199)
Results from operating activities	(806)	(162)	(107)
Other income	255	263	116
Finance costs	(262)	(331)	(343)
Loss before tax	(814)	(229)	(334)
Income tax expense	311	93	125
Loss for the year	(503)	(137)	(209)

Source: Audited financial statements

Interest Coverage Ratio



Ratification of issues

Refinancing the current MDB loan through a third-party loan




- To remedy the cashflow issues faced in the repayment of the current MDB loan, the subsidiary is aware of options available to refinance the loan and extend payment terms at a lower cost with a longer time horizon for repayment.

Change in the limitation of the Interest Coverage Ratio from 2.5x to 1.5x

- To allow the Group to obtain further borrowing, the limitation of the current ICR as stipulated in the Company Admission Document (20.6 Limitation on debt) should be changed from 2.5x to 1.5x.



Benefits of refinancing

-  Lower interest rates and significantly improved repayment terms.
-  Improved cashflow and profitability.
-  Permit further improvements internally in respect of the hotel on a holistic level to strengthen its basis for an increase in the current room rate achieved.



Anticipated Risks

In the eventuality that these proposals do not materialize, the Company is envisaging, inter alia, the following risks:

- **Retention of a high finance cost** which significantly suppresses cashflow package with negative impacts on stakeholders; and
- **Lack of innovation and modernization** which will eventually lead to the Hotel not being competitive in today's market.