

Valletta, 16<sup>th</sup> January 2024

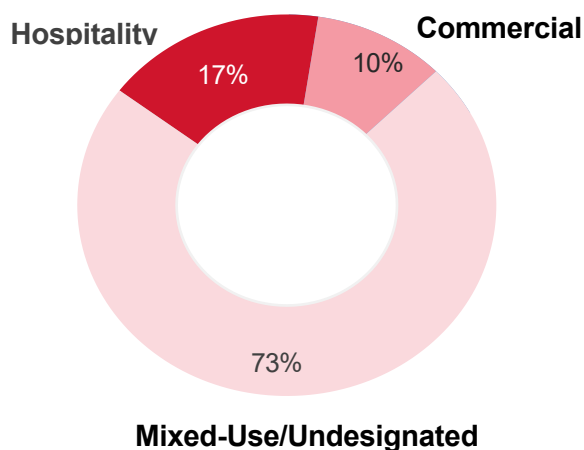
## VBL Group's growth in view of Valletta's future market potential

Yesterday, VBL Group has released its forecasted revenues up to year end 2023, achieving record revenues, delivering year on year growth. In parallel, property yields and overall profitability at Group level is also expected to improve. The results were driven by the effective implementation of the Company's consistent strategy of renovation of its owned property portfolio in Valletta into optimised revenue generating assets.

Management has revealed that the VBL Group is expected to achieve €3 million in revenues, based on preliminary, non-audited results, while the Company is also estimated to realise significant investment income driven by its development programme and the favourable market conditions.

While VBL Group originally focused solely on hospitality assets, today VBL has diversified its portfolio of fully owned properties in Valletta, covering a spectrum of other categories. The diversification has led to a remarkable adaptability to changing market trends, proved in the last few years with increasing revenues. Today, the VBL Group is generating revenue from ca. 30% of its portfolio, while the remaining assets are currently under development or are in preparatory stage to be developed within the next development cycle.

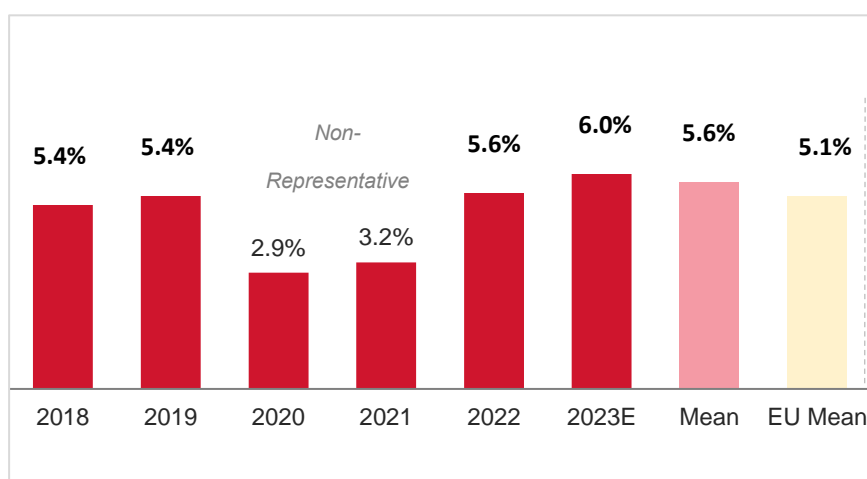
### VBL Group Portfolio - Breakdown of Total Area by Designated Use



Source: Company data

Based on actual results, the renovated part of VBL Group's property portfolio is systematically delivering portfolio yields exceeding those of comparable assets in the broader EU. The Company's management explained that available market data confirms the strong correlation of the core market performance to that of the larger European market, supporting the convergence of local property prices to those of the major EU markets. Parallel, it is experienced that the performance of renovated classic historic properties are showing a relative overperformance, compared to more conventional or modern developments, which confirms VBL's focus on Valletta. Whilst reviewing the performance of some of the oldest operating renovated properties within its portfolio, VBL is realizing a yield of about 8-9%, while the global operational portfolio mean results in a stabilized yield of 5.6%<sup>1</sup>, whereas the EU average yield is reported at 5.1%<sup>2</sup>.

### VBL Operational Properties Systematically Delivering Stabilised Portfolio Yields Exceeding Those of the Broader EU



Note: Stabilised indicative portfolio yields, mean calculation excludes non-representative gross yield data points due to the disruptive impact of the pandemic, resulting in significantly reduced tourist inflow to Malta.

Source: Company data, EU-28 Global Property Guide, September 2023

VBL Group has committed to continuing its assets renovation and regeneration programme. Previously announced project development delays are gradually recovering, and management is of the opinion that these delays will be fully recovered by the time the ongoing large development projects are completed in 2025-2026. The Company's existing long-term development credit facility still has a relatively low drawn portion, which secures the ongoing financing of the renovation projects in

<sup>1</sup> Portfolio Mean gross yield is estimated as annual rental revenue from commercialized properties divided by total book value of owned commercialized properties.

<sup>2</sup> Average gross yield on residential properties in EU; Data provided for EU-28 countries by Global Property Guide as of September 2023.

<sup>3</sup> Yield calculations may exclude data points for the pandemic period, due to the disruptive impact of the pandemic)

progress. VBL's very strong balance sheet suggests significant capacity to take on further debt, an option given historically conservative approach to leverage. In the meantime, following the announcement of last year, the Company is continuing with its market assessment, exploring available financing options, with a view to further developing the Group, increasing shareholder value and ensuring continuous expansion within its core market. In this context, VBL continues to evaluate possible strategic options of raising further capital from strategic and/or financial investors or carrying out other equity transaction(s) within the Company's disclosed development plans and relevant parameters.

## **OUTLOOK**

Management predicts that by the completion of the current development cycle, the Group's book value will reach the earlier projected ca. €100 million, which will be underpinned by a more diversified operational portfolio. It is further predicted that the average gross portfolio yield on commercialized assets will keep on improving, expected to exceed 6% in the mid-term. To ensure VBL Group's continuous growth, the Group has secured an additional ca 5,000 sqm of proprietary property pipeline, the timing of full acquisition is dependent on the available capital.

**Valletta is still far away from saturation and its full potential on its revitalization journey. VBL Group remains the only institutionalised platform to invest in Valletta, and Valletta only.**

### **About the VBL Group**

***The VBL Group is the leading owner and manager of real estate in Valletta, focused on achieving continuous capital growth and dividend distribution for its Shareholders. VBL has established itself as an expert in renovation and regeneration projects, professional property management and is a committed supporter of cultural and historic events across the city of Valletta.***

*VBL's continuous past and future growth is firmly based on a strong asset base, sustainable capital appreciation resulting from regeneration and revival of historic properties into revenue generating assets. VBL is proud of its proven capability of preserving and restoring national heritage, with great attention to the environmental and social fabric of the City. By retaining its focus of investment and operations on Valletta, VBL ensures that it maintains its significant role in shaping the Valletta property market.*

*VBL Plc (ticker "VBL") is listed on the Malta Stock Exchange.*

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