

JML FINANCE (LUXEMBOURG) SARL

10<sup>th</sup> April 2024

## Julius Meinl Living: Consolidated 2023 Accounts and Acquisition

Julius Meinl Living PLC, through its group companies, acquires prime real estate assets in major European political and economic capital cities for development into top rated hotel properties that comprise mainly apartments and that the group then operates itself (“Julius Meinl Living”).

Julius Meinl Living PLC is fully owned by the Julius Meinl family who, over the last 162 years, have demonstrated their expertise and excellence in consumer goods, retail and real estate.

### Financial Performance in 2023

In 2023, Julius Meinl Living was able to build on the steps forward that it achieved in 2022. In financial terms, the group achieved:

- Revenue from operations of €12.0m (2022: €6.3m)
- Operating EBITDA of €1.2m (2022: -€1.4m)
- Profit before tax of €5.0m (2022: €9.5m)
- Profit for the year of €2.2m (2022: €6.7m)
- An increase in shareholders’ equity to €43.9m at 31 December 2023 (2022: €42.3m)
- An increase in total assets to €143.0m at 31 December 2023 (2022: €124.3m)

The major contributor to the strong performance of Julius Meinl Living has been the group’s flagship 168 apartment property, “The Julius Prague”. During its first 18 months of operations, the property has been attracting guests who would otherwise have stayed in “normal” hotels, in serviced residences and in short term lets. This breadth of appeal is reflected in the guest reviews that The Julius Prague has received: in a very short time of operation, the property has received 4,276 reviews on Booking.com (as of 5 April 2024), with an average score of 9.4.

In 2023 – its first full year of operation, The Julius Prague earned total revenues of €10.3m and hotel EBITDA was €5.1m, representing a hotel EBITDA margin of 50%.

Recognising the success achieved by The Julius Prague, the fair value of the property is now assessed in the group’s accounts as being €110.1m (2022: €102.4m).

The group’s second property is the Escala Hotel & Suites in Budapest, with 51 apartments. In 2023, the Escala Hotel & Suites earned total revenues of €1.6m (2022: €1.5m) and hotel EBITDA was €0.7m (2022: €0.9m), representing a hotel EBITDA margin of 41% (2022: 57%). Through 2024, Julius Meinl Living is planning to undertake a limited refurbishment of the Escala Hotel & Suites to protect and enhance its market position and its value, whilst keeping the property fully in operation.

The fair value of the Escala Hotel & Suites is assessed in the group’s accounts as being unchanged at €10.1m.

Across its properties, Julius Meinl Living recorded in 2023 a fair value gain totalling €8.7m net of exchange rate movements (2022: €16.9m).

As at 31 December 2023, Julius Meinl Living had cash of €19.0m (2022: €9.1m) and net financial debt of €64.5m (2022: €59.6m). The success of The Julius Prague also enabled the amount of debt secured on the property to be increased during the course of the year from €35.3m to €50.0m.

The 2023 accounts are now available from [www.juliusmeinlliving.com](http://www.juliusmeinlliving.com).

### **Environmental Certification**

In October of 2023, The Julius Prague has obtained the prestigious LEED Gold Certification for building design and construction.

LEED, an acronym for Leadership in Energy and Environmental Design, is a globally recognized symbol of sustainability excellence. LEED certification is awarded by the U.S. Green Building Council (USGBC).

LEED Gold Certification is a testament to The Julius Prague's efforts to minimise its environmental impact through all phases of the property's design, construction, fit-out and, since opening spring 2022, operation.

Since receiving its LEED Gold Certification, The Julius Prague has become one of only 77 buildings in the Czech Republic certified by LEED to either Gold or Platinum Certification level for building design and construction. Within this elite group is only one other hotel, in addition to The Julius Prague.

### **Acquisition**

Julius Meinl Living is pleased to announce that it has recently completed the acquisition of the 12,600m<sup>2</sup> Hotel Ambassador property in Bucharest. Following extensive refurbishment, the Hotel Ambassador is planned to re-open its doors as "The Julius Bucharest" in 2027.

Julius Meinl Living believes Bucharest is an attractive market: In 2023, there were 14.6m travellers through the city's airport as compared to 13.8m in Prague. However, while Prague offers a multitude of luxury accommodation options, Bucharest is currently significantly underserved in this regard.

The Hotel Ambassador was constructed shortly before WWII, and opened in 1939. Ever since, it has been a landmark art deco building in the centre Bucharest. Hotel operations were interrupted during WWII and in the early years of communism. However, in 1958 hotel operations were restored and have been carried out ever since.

In preparation for redevelopment, the hotel operations of Ambassador SA have now been terminated. Once the relevant permits have been obtained, it is expected that the redevelopment will take approximately two years to complete. Following redevelopment, The Julius Bucharest will retain the essence and character of the existing building. It is expected to have 158 luxury rooms and apartments. Facilities and services will follow the model that has successfully been established by The Julius Prague, including a House of Julius Meinl-branded gourmet food and drink store.

Funding for the acquisition of the Hotel Ambassador property and for its redevelopment is expected to come from the Julius Meinl Living group and from senior bank debt. Julius Meinl Living is in negotiations for the senior bank debt to fund the development cost.

As with The Julius Prague, it is intended that The Julius Bucharest will be certified to LEED Gold standard.

## Strategy

With The Julius concept now proven, Julius Meinl Living is continuing the process of developing its portfolio of “The Julius” branded “luxury product / low operating cost” hotels that comprise mainly apartments and that are located in the major political and economic capital cities of Europe.

Over and above the acquisition of the Hotel Ambassador property in Bucharest, Julius Meinl Living is progressing negotiations in relation to a number of identified and exciting pipeline properties and continues to seek additional pipeline opportunities, in both cases for eventual addition to The Julius portfolio.

## Financing

Through the second half of 2023 and into 2024, Julius Meinl Living noticed that the successes it has achieved with The Julius Prague, along with improving sentiment in the financial community (linked to falling inflation and the expectation of lower interest rates), have resulted in an increasing number of attractive indications of financing, from diverse sources. These include banks and the bond market, as well as certain other financial markets. As a result, Julius Meinl Living now finds itself with a high level of liquidity and with multiple future financing options open to it.

Equity is the cornerstone of any business’ capital structure and, with that in mind, Julius Meinl Living is pleased that its existing owner has agreed to commit an additional €12m of equity, of which €7m was drawn down in early 2024.

## Board

Julius Meinl Living’s board member and former head of Hospitality, Zdenek Kovarik, has left early this year to pursue other opportunities. The group is currently filling this function from internal resources and will announce a replacement in due course.