

Simplified capital structure, reduced dilution

21 July 2020

Minoan will publish its interim results for the six months ended 30 April 2020 by the end of August, and at that point provide an update on the status of its development project in Eastern Crete.

In the meantime, it has reorganised its secured debt, simultaneously cancelled a net 52m warrants (plus rights to future warrants) and raised £205,000 via a placing at 1.1p/share.

Simplified capital structure, more secure basis for the project

The proposed restructuring, which is subject to shareholder approval at a General Meeting on 6 August will simplify the group's capital structure and materially reduce potential future dilution.

From a practical perspective, it puts Minoan in a better position to manage its ongoing working capital requirements as it progresses its project. Lockdown has delayed more detailed interactions with potential JVs and partners, preventing face to face meetings and site visits. As lock down eases, Minoan expects the support of its new lender to enable it to move forward with more confidence.

Full details are set out in the group's prospectus, but in brief they are as follows:

- A new SPV will effectively acquire c £1.136m of existing secured debt provided by Zachary, Minoan's existing lender. The new facility will be on broadly similar terms, other than an agreed extension to 31 July 2021. The new lender will receive 35m warrants to subscribe for Ordinary Shares (6.54% of Minoan's fully diluted ordinary share capital) at 1.4p/share. These warrants have an expiry date of 31 May 2022, vs September 2023 for the previous warrants held by Silja.
- All warrants held by Silja (87.28m), a company associated with Zachary will be cancelled. Silja's warrants are equal to 17% of Minoan's ordinary shares. As compensation for this, and for relinquishing its other rights (including the right to have additional warrants for 17% of all future equity issues), Minoan will pay Silja £0.25m which it will use to subscribe for 25m Ordinary Shares at par.
- Minoan will also issue Zachary with 626,427 zero coupon redeemable Preference Shares of 0.00001p each, redeemable at £1 each upon any future distribution or return of capital to Minoan's Ordinary Shareholders.

The £0.2m raised in the placing will provide some working capital. The statement confirms that the Board has taken significant action to reduce ongoing running costs, to include a decision by Directors to defer and/or forego fees until the group has moved forward with the project.

The project will coincide with Greek plans to entice foreign pensioners via the offer of a flat rate of income tax at 7% for retired foreigners who transfer their tax residence. The finance ministry has submitted a draft law to parliament that includes a clause allowing for a ten-year beneficial tax rate for foreign pensioners.

Company Data

EPIC	MIN
Price	1.5p
52 week Hi/Lo	2.6p / 0.7p
Market cap	£7m

Share Price, p



Source: ADVFN

Description

Minoan Group has a long-standing project for a luxury leisure, villa and holiday complex in Cavo Sidero in Eastern Crete.

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