FINANCIAL ANALYSIS SUMMARY

30th June 2021

CURMI & PARTNERS

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30th June 2021

The Directors
The Phoenicia Malta
The Mall
Floriana,
FRN1478
Malta

Dear Sirs,

Phoenicia Finance Company p.l.c. – Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary Update 2021 ("the FAS Update 2021") set out on the following pages. A copy of this report is also attached to this letter.

The purpose of the FAS Update 2021 is that of summarising key financial data appertaining to Phoenicia Finance Company p.l.c. ("the Issuer" or "PFC"), in addition to Phoenicia Hotel Company Limited ("PHCL") and Phoenicia Malta Limited ("PML") (collectively, "the Guarantors"). The Issuer and the Guarantors are collectively referred to as "the Group". The data is derived from various sources, as disclosed, or is based on our own computations as follows:

1. Historical financial data for the three years ended 31st December 2018, 31st December 2019 and 31st December 2020 have been extracted from the Group's audited Combined Financial Statements and the Issuer's audited financial statements.
2. The forecast data for the financial year ending 31st December 2021 have been extracted from the Issuer and Group's financial projections as prepared and provided by management.
3. Our commentary on the financial results and position of the Issuer and of the Group is based on the explanations set out by management of the Group.
4. The ratios quoted in the following pages have been computed by us applying the definitions set out and defined in the Section 8 of the analysis.
5. The comparable companies listed in Section 7 of the FAS Update 2021 have been identified by us. The relevant financial data in respect of such companies has been sourced from publicly available information, mainly financial statements filed with the Registrar of Companies or websites providing financial data.

The FAS Update 2021 is meant to assist potential investors by summarising the more important financial data of the Group. The FAS Update 2021 does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the information made available in the public domain by the Group. The FAS Update 2021 does not constitute an endorsement by our firm of the securities of the Issuer or Group and should not be interpreted as a recommendation to invest in any of

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the Issuer's or the Group's securities. We shall not accept any liability for any loss or damage arising out of the use of the FAS Update 2021. As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer or Group.

Yours sincerely,

Karl Falzon
Head of Capital Markets
For and on behalf of
Curmi and Partners Limited

Table of Contents

1 OVERVIEW OF THE ISSUER

1.1 History and Development of the Issuer

Phoenicia Finance Company plc ("the Issuer" or "PFC" or "the Company") is a public limited liability company that was established on the 23rd October 2018 to act as the financing arm of The Phoenicia Malta Group of companies ("the Group"). The principal object of the Issuer is to carry on the business of a finance company, including managing the cash flow requirements of the Group, mainly the business carried out by the two main operating companies: Phoenicia Hotel Company Limited ("PHCL") and Phoenicia Malta Limited ("PML") (collectively, "the Guarantors"). In this respect, the Issuer is mainly dependent on the business prospects of the Guarantors. The Issuer operates exclusively in and from Malta.

1.2 Shareholding of the Issuer

The authorised and issued share capital of the Company is €250,000 divided into 250,000 ordinary shares of a nominal value of €1 each share, and are fully paid up and subscribed for. The shares are allotted and taken up by PML, except for 1 share, which is subscribed for, allotted and taken up by Mr Mark Shaw, the ultimate beneficial owner of the Group.

1.3 Directors

The Board of Directors of the Company consists of five directors who are entrusted with setting the overall direction and strategy of the Company.

As at the date of the Financial Analysis Summary Update 2021 ("FAS 2021"), the Board of Directors of the Issuer is constituted as follows:

Mark D. Shaw	Chairman
Jean Pierre Ellul Castaldi	Executive Director
Mario P. Galea	Non-Executive Director
Benjamin Muscat	Non-Executive Director
Etienne Borg Cardona	Non-Executive Director

2 OVERVIEW OF THE GROUP

2.1 History of the Group

The Group owns, manages and operates The Phoenicia Malta ("the Hotel" or "the Phoenicia"), an iconic five star hotel situated in Floriana. The Hotel was built in the 1930s, but opened for business in 1947 as Malta's first luxury hotel.

The Phoenicia currently comprises 136 rooms, 8 of which are luxurious suites. Additionally, Phoenicia also offers conference and banqueting facilities, along with food and beverage outlets within the Hotel premises. The footprint of the Hotel covers less than 10 percent of the broader site, which comprises of over 40,000 sqm of premium land made up of various zones that are not yet fully exploited.

The Phoenicia has been a member of the Leading Hotels of the World ("LHW") network since December 2015, reinforcing its position in the luxury accommodation segment on an international level. A major refurbishment project ("the Refurbishment") was undertaken in recent years to upgrade the facilities and restore the Hotel and the surrounding sites. This meant that the Hotel was closed for around 17 months, from November 2015 to (mid) April 2017, when it could operate at around 75% capacity, opening at full capacity in November 2017.

Last year, the Hotel faced several unprecedented challenges related to the outbreak of Coronavirus (Covid-19) pandemic. On 30th January 2020, the World Health Organization declared Covid-19 as a Public Health Emergency of International Concern, and a pandemic on 11th March 2020. Governments globally announced several measures to limit contagion. Hotels suffered a total curtailment of their business during March to June 2020 and they were forced to introduce a number of new restrictions and follow strict guidelines from March 2020. Furthermore, mass events were also restricted, and therefore large conferences, weddings and other receptions were not allowed, also having a significant impact on the operations of the Phoenicia. In order to mitigate the impact on the Hotel's operational and financial sustainability, management implemented a number of measures, including cost-cutting initiatives and enhanced flexibility within the workforce.

As part of the Refurbishment, the Hotel embarked on a project of completion of the Spa building together with the upgrading of a number of other areas of the hotel. The works on the Spa continued during 2020 and on 15th October, the Spa was open for inhouse guests. Thereafter, it was extended to non-guests. The Spa has been operating at limited capacity due to local restrictions as a result of Covid-19 and has not yet been operating at full capacity since its opening. The Spa entails an indoor swimming pool, 5 treatment rooms, a gym, studio, sauna, steam room, multi jet showers, salt room and a water bar, and is managed by the world-renowned French Spa operators, Deep Nature.

Key historical developments include the following:

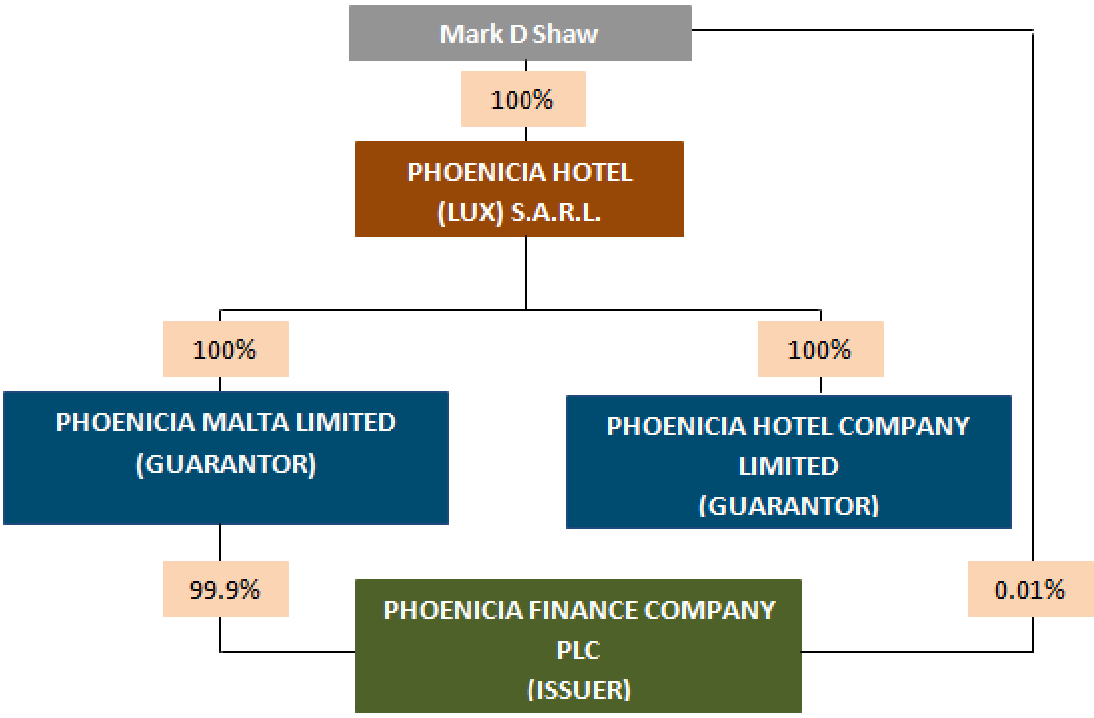
1935	PHCL (previously known as "Malta Hotels Company Limited") was incorporated in the United Kingdom for the purpose of acquiring by emphyteutical title the land over which the premises was subsequently constructed.
1947	The Phoenicia Hotel celebrated its official opening in 1947.
1961	PHCL granted the premises on sub-emphyteusis to Ms. Agnes Graham.
1965	PHCL was registered as an overseas company in Malta.
1966	Ms. Agnes Graham transferred the sub-emphyteusis over the premises to Holtours Limited.
1997	The Phoenicia Hotel was renamed to "Le Méridien Phoenicia".
2007	PML (previously Cuffe (Malta) Limited) was incorporated on 8 June 2007, for the purpose of acquiring the sub-emphyteusis over the premises from Holtours Limited. The hotel was renamed as "The Phoenicia Malta".
2013	Acquisition of the Phoenicia Group by the current owner.
2016	The Phoenicia Hotel was closed for refurbishment in November 2015 up to April 2017.
2017	Major refurbishment project completed and the Phoenicia Hotel was re-opened for business on 15 April 2017.
2018	Major refinancing by PFC via issue of the €25million 4.15% Unsecured Bond 2023-2028.
2018	First full-year of operations following the refurbishment, which enhanced the Hotel's performance and consolidated its position as one of the top performers in the five star segment.
2020	Inauguration of the Spa managed by the world-renowned French Spa operators, Deep Nature

Phoenicia has changed owners along the years, as the sub-emphyteusis over the Hotel has been granted and acquired by four different owners since 1935. The current shareholder acquired the Group in 2013, which is also when the underlying debt of PML was assigned to a new lender Teramy SARL ("Teramy") from National Asset Management Agency ("NAMA"). The total debt assigned to Teramy amounted to €21 million ("the Teramy Secured Loan"). In 2018, the Group successfully refinanced the Teramy Secured Loan as well as other bank borrowings through the €25million bond issue.

2.2 Organisational Structure

The Phoenicia is owned and operated by 2 companies that are controlled by Phoenicia Hotel (LUX) SARL, the parent of the Group. The Hotel is owned by PML, a private limited liability company that principally acts as the property holding company of the Group. PML leases the Phoenicia premises to the operating company of the Group, PHCL. On the basis of an operating lease agreement, PHCL pays rental income arising from the lease of investment property to the asset owning company PML.

The organisational structure of the Group is illustrated in the diagram below. As stated above, the Issuer's principal activity is that of acting as the financing arm of the Group and is thus dependent upon the operations and performance of the Phoenicia Group entities, namely PML and PHCL.



The Issuer and the two operating companies constituting the Group employed an average of 119 employees in 2020. This number decreased to 99 full-time employees as at the date of this FAS 2021. These numbers are lower than the number of full-time employees as indicated in the 2020 Financial Analysis Summary ("FAS 2020"). This is a consequence of the non-replacement of those individuals who resigned or retired during the course of the pandemic. Management have indicated that the present headcount is sufficient to service the Phoenicia Malta ("the Hotel")'s operational requirements at the current levels of business operations. Management envisages that once the hospitality industry begins to recuperate post-pandemic, the number of employees would increase in accordance with the exigencies of the Hotel's business.

2.3 Overview of the Guarantors

2.3.1 Phoenicia Malta Limited

PML was established in 2007 to act as the property holding company of the Group. PML owns the premises on which the Phoenicia Hotel is built under the title of perpetual sub-emphyteusis.

The main operating activity of PML is to lease the Phoenicia premises to PHCL by virtue of a lease agreement, which is renewable every year. Rental agreement is currently at €2.5million per annum, assuming a complete development of the hotel. Rent is paid on a monthly basis in advance and the agreement is renewable every three years.

Following the outbreak of the Covid-19 pandemic, PML gave a rent concession to PHCL of €175,000.

2.3.2 Phoenicia Hotel Company Limited

PHCL was incorporated in the United Kingdom in 1935 and registered in Malta in 1965. PHCL is responsible for the operations of the Phoenicia Hotel. Through PHCL the Group provides hospitality services which can be further divided into three major segments; hotel accommodation ("Rooms"), restaurants and bars, conferencing and banqueting ("Catering") and other minor divisions ("Other"). The operations of the company were naturally greatly impacted by the Covid-19 pandemic.

Rooms

The Rooms segment is the most important source of income for the Group, accounting for 69% of the Group's revenue in 2019, and 56% of the Group's revenue in 2020. The decrease is due to the total curtailment of business between March and June 2020, and the increased uncertainty in the remaining months of the year. The Hotel has a capacity of 136 rooms, 8 of which are luxury suites. Room revenue is generated through various channels, including online bookings made on the Hotel's official website, global distribution systems, LHW reservation systems and other online travel agents.

Catering

The Catering segment covers the Hotel's food and beverage facilities, which can be further subdivided into the operations of the Hotel's restaurants and bars and the Hotel's conference and banqueting services offered at the Phoenicia. The Hotel operates 5 food and beverage outlets and 650 sqm of conference and banqueting facilities used to cater for large events, weddings, conferences and meeting rooms. Given the restrictions on gatherings and mass events, PHCL could only hold a limited number of events, in smaller numbers during 2020. Catering revenue accounted for 41% of Group's revenue in 2020, which is proportionally higher than the share generated in 2019; but this was mainly due to the decrease in accommodation revenue in 2020.

Other

Phoenicia also generates a small portion of its revenue from other activities such as the sub-leasing of two establishments and a tour-operating desk for commercial purposes, the Spa as well as ancillary services such as telephone and airport transfers.

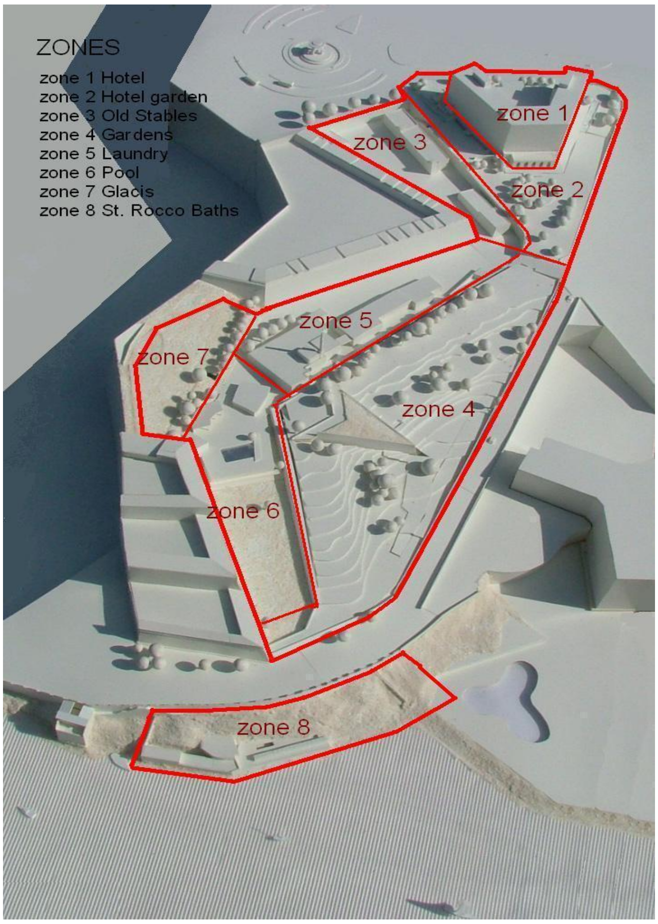
The Phoenicia has been a member of the LHW network since December 2015. This membership further establishes the Hotel's position in the luxury hotel segment and provides access to global loyalty programmes, namely the American Express Travel's Fine Hotels and Resorts, and is presently the only local hotel to be given this prestigious accolade.

The Phoenicia Hotel terminated the hotel management agreement entered into between PHCL and Campbell Gray Hotel Limited, with effect from 25 March 2019. The termination did not have any material impact on the Guarantor's operations. The hotel reverted to trading as an independent hotel for the foreseeable future, with continuous investment in operational excellence. The Phoenicia Hotel's membership in "The Leading Hotels of the World", governed by a hotel membership agreement entered into between the PHCL and LHW in 2015, continues to reinforce the Phoenicia Hotel's position in luxury accommodation on an international level.

3 MAJOR ASSETS OF THE GROUP

3.1 The Phoenicia Hotel

The Phoenicia is a prestigious five-star hotel situated in Floriana that is owned by PML and operated by PHCL. The Hotel has a capacity of 136 rooms, including 8 luxury suites, 3 restaurants, 2 bars and conference amenities.



The Hotel invested around €29.4million in the Refurbishment program which resulted in a revaluation of the property in 2017. In FY2020, the valuation technique of the sites in operation was changed in the context of the sudden operative disruptions and uncertainties caused by the pandemic, whereby a valuation technique which considers the medium to long-term projection was deemed to be more appropriate in the circumstances to reflect the impact of the pandemic. The revalued amount of the sites in operation was determined by management based on a multi-period projection and discounted cash flow model. The value of the other sites was determined similar to the prior valuation based on the application of a market derived capitalization rate to the annual earnings. The property is valued at €90.2million as at 31st December 2020.

During the Refurbishment, the Hotel was entirely closed for 17 months, from November 2015 to (mid) April 2017 and operated at circa 75% capacity until completion of works in November 2017. As part of the Refurbishment, the Hotel embarked on a project of completion of the Spa building in Q3 of 2019 together with the upgrading of a number of other areas of the hotel. The Spa was officially opened in October 2020 for inhouse guests and later for non-guests.

Hotel Metrics and Combined Financial Information	2018	2019	2020	2021
KPIs	Actual	Actual	Actual	Forecast
Revenue (€000)	12,933	13,265	2,941	5,881
Gross Operating Profit (€000)[1]	5,224	5,218	(1,519)	523
EBITDA (€000)	4,673	4,906	(1,206)	1,146
Benchmark Performance				
Occupancy level	74%	73%	20%	
Average Room Rate (ARR) (€)	166	169	140	
Revenue per available room (RevPAR) (€)	123	124	27	
Phoenicia Performance				
Room Revenue	9,069	9,169	1,648	3,300
Overall occupancy	79%	79%	20%	37%
Gross Operating Profit Margin	40%	39%	-52%	9%
ARR (€)	232	233	162	182
RevPAR (€)	183	185	33	66

Source: Management information; Combined Financial Statements; MHRA Reports [2]; STR Report

The 2019 full year results illustrate the improvement in the Hotel's performance prior to the pandemic, with revenue increasing to €13.3million and EBITDA to €4.9million. The Covid-19 pandemic significantly impacted the Hotel, given the containment measures put in place during the year as well as the impact it had on overall demand.

The closure of the Hotel in March 2020 to June 2020, the beginning of the peak season for the Hotel, the restrictions imposed by the UK on travel to Malta and consequent uncertainties brought about by the pandemic, pushed revenues down by 77.8%, to €2.9million in 2020. The pandemic also had a significant impact on the occupancy rate during the year which dropped to 20%, from 79% in the previous two years. These figures are in line with the benchmark's occupancy level. The lower demand pushed the Hotel to lower its rates. The average room rate ("ARR") dropped from €233 to €162, a decline of 30.5%, slightly higher than the ARR of other similar hotels. Revenue per available room ("RevPAR") was also slightly higher than the benchmark, experiencing a decline of 82.2% from the previous year to just €33.

[1] Gross Operating Profit estimate is a hotel KPI that differs from the operating profit (as per financial statements) as it excludes the impact of insurance, management fees, depreciation, amortization and government grants

[2] The MHRA report was not published in 2020 due to the situation that the industry was in. Therefore, the STR report is being referred to for 2020 benchmark KPIs in the table above. It should be noted that in previous years, indicators in STR reports may have varied slightly compared to those in the MHRA reports

The expected increase in Air Malta flights over the summer (as reported by Times of Malta on 30/04/2021), and the inclusion of Malta on the UK Green List are encouraging. The restrictions imposed by the UK on travel to Malta, had a significant impact on demand from the UK market, which is the Hotel's main market. Management also notes that Germany and the rest of continental Europe are growing markets for the Hotel.

Locally, the lifting of legal notices by the Government allows the Hotel to provide full services of the rooms, restaurants, swimming pool and the Spa, whilst keeping to social distancing and capacity regulations. In response to the new environment resulting from the pandemic, management adjusted its strategy, targeting the local market and opening the poolside and the Spa to non-hotel guests.

Management do not expect operations to return to pre-pandemic levels in 2021, however, management expect revenue and EBITDA to increase to €5.9million, and €1.1million respectively.

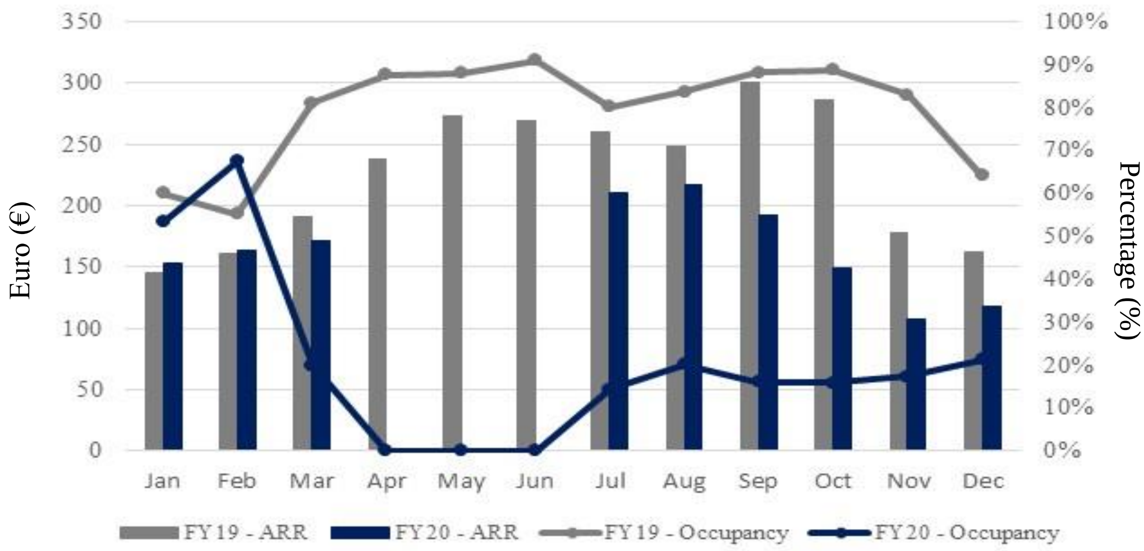


Figure 1: Phoenicia Hotel – Monthly ARR and Occupancy
Source: Management Information

4 INDUSTRY OVERVIEW

4.1 Economic Update[3]

In 2020, the global economy was hit by a severe economic shock as a result of the Covid-19 pandemic and the related restrictions that were introduced to curb the spread of the virus. In the euro area, real growth in GDP contracted by 6.6% in 2020, after increasing by 1.3% in 2019. Employment also decreased although job losses were limited considering the extent of economic contraction, with the unemployment rate rising to 7.9%, from 7.6% a year earlier.

Real GDP fell by 7.0% in 2020, following an increase of 5.5% a year earlier. The contraction in economic activity was primarily driven by net exports. Domestic demand also contributed negatively, but to a lesser extent. Real gross value added (GVA) data show that the decline in real GDP was largely driven by the services sector. This reflects the fact that the Covid-19 containment measures mostly hit the sector comprising wholesale and retail trade, transportation, and accommodation and food service activities. The sector was impacted strongly by travel disruptions during the year, the temporary shutdown of non-essential services and other Covid-19 related containment measures.

As at April 2020, economic activity levels remained low, reflecting the weak economic conditions triggered by Covid-19. European Commission data show that economic sentiment rose significantly in April and reached the highest level recorded since January 2018. It also stood above its long-term average for the first time since the onset of the pandemic. In April, confidence turned positive in industry, the construction and services sectors as well as among consumers. However, sentiment declined significantly – and remained negative – in the retail sector.

Labour Force Survey (LFS) data for the first three quarters of 2020 show that although the labour market was negatively affected by the COVID-19 pandemic, employment showed a strong degree of resilience considering the sharp contraction in activity. Both the labour force and employment rose at a slower rate when compared to the previous year, while the unemployment rate increased. Jobsplus data show that the number of persons on the unemployment register stood at 2,387 in March 2021, down from 2,585 in February but higher than 2,125 registered a year earlier.

The Central Bank of Malta expects that GDP will grow by 5% in 2021, by 5.5% in 2022 and by 4.7% in 2023, with pre-pandemic GDP levels recouped by the end of 2022, conditional on the successful rollout of a vaccine in 2021.

[3] Central Bank of Malta Annual Report 2020; Central Bank of Malta Quarterly Review 2021:5

4.2 Tourism and Hospitality[4]

World Travel and Tourism Council data show the tourist industry directly and indirectly accounts for more than 27% of Malta's economy, but the sector has been hammered by the COVID-19 pandemic. The tourism and hospitality industry benefitted largely from the Covid-19 wage supplement scheme and from the Malta Development Bank-supported schemes, in view of businesses being shut down or heavily restricted. Hotels which participated in the Deloitte hotel performance survey showed that participating hotels reported monthly wage subsidies of €1.5million to €2 million a month, which works out at approximately €75,000 per month per hotel. Furthermore, the Government of Malta has also published two voucher schemes to try and encourage spending in the industries which were heavily hit by the pandemic, namely tourism and retail. The first round of vouchers had generated an additional spend of €11.5million among customers.

In 2020, inbound tourist trips totalled to 658,567, a decrease of 76.1% over the same period in 2019. Total nights spent by inbound tourists decreased by 73.0%, surpassing 5.2 million nights. It was also estimated that tourist expenditure amounted to €455.1million, down by 79.5% when compared to the previous year. The Deloitte hotel performance survey showed that more than 30% of total guest nights sold in November and December were to local residents. In January and February 2021, a significant proportion of guest nights in 5 star hotels were sold to local residents (45% and 50% respectively), according to the Deloitte Hotel Performance January – February 2021.

In April 2021, the Maltese Tourism Minister Clayton Bartolo announced that tourists booking accommodation at a five-star hotel will get €100 from Malta Tourism Authority, which will be matched by the hotel for a total of €200. The scheme is expected to benefit some 25,000 visitors.

4.3 Food and Beverage[5]

The food and beverage sector comprises of restaurant and mobile food services, beverage serving activities, event catering and food services. In 2020, €1.1million was spent on food, alcoholic and non-alcoholic beverages and tobacco, representing 13.7% of total final consumption expenditure of households. This is down from 19.6% in 2019 and 20.2% in 2018. The National Statistics Office provisions indicate that the number of food and beverage enterprises in Malta increased to circa 2,470 in 2020, increasing by 2.45% over the previous year. The government curtailment measures to control the spread of Covid-19 forced a number of hotels, bars, restaurants and other catering establishments to restrict their business for a number of months in 2020, which had a material impact on the food and beverage service sector. This brought about the drop in total turnover generated by food and beverage enterprises to €383million, down from €724million in 2019. Gross operating surplus also declined by

[4] NSO; Malta's Summer Tourism Strategy: Pay Visitors to Come – Skift; Deloitte Hotel Performance June to December 2020; Deloitte Hotel Performance January – February 2021
[5] National Statistics Office, NACE56

10.9% to €103million, following years of consecutive growth, as shown in the chart below. Between 2011 and 2019, gross operating surplus grew by an annual compound growth rate of 6%.

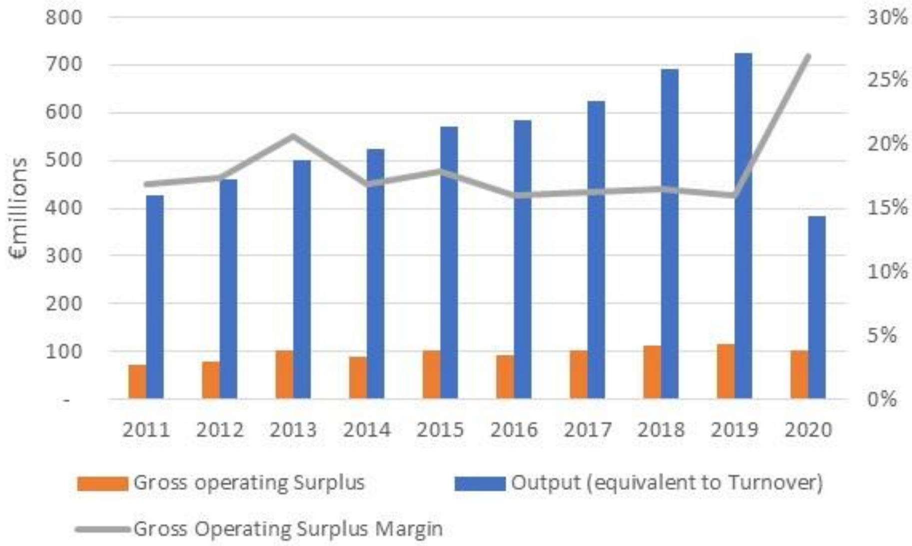


Figure 2: Food and beverage service activities in Malta
Source: NSO (NACE56)

5 PERFORMANCE AND FINANCIAL POSITION OF THE ISSUER

The Issuer was registered on the 23rd October 2018, and thus has no trading record or operational history before this date. The Issuer was incorporated to act as a financing vehicle of the Group and is therefore dependent on the financial and operational performance of the Group.

The financial information presented for the Issuer represents the audited financial information for the period from the 23rd October 2018 to the 31st December 2019, covering a 14-month period, the audited financial statements from 1st January 2019 to 31st December 2019 and the audited financial statements from 1st January 2020 to 31st December 2020. The forecasted financial statements for the year 31st December 2021 have been provided by the management of the Group, which are based on certain assumptions. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections. This section also includes references to forecast financial statements provided by management for 2020, which were included in the Financial Analysis Summary of 2019. Forecasts are based on the assumption that Malta gains access to the UK's Green List in the coming months.

Unless otherwise stated, all amounts in the tables below are in thousands of euro (€000) and have been subject to rounding.

5.1 Statement of Comprehensive Income

Phoenicia Finance Company plc *Statement of comprehensive income (€000)*	2019 *Oct'18-Dec'19* Actual	2019 *Jan'19-Dec'19* Actual	2020 Actual	2020 Forecast	Variance	2021 Forecast
Finance Income	**1,265**	**1,191**	**1,275**	**1,273**	**0%**	**1,287**
Finance Costs	(1,226)	(1,146)	(1,153)	(1,153)	0%	(1,158)
Net Interest Earned	**39**	**45**	**123**	**121**	**2%**	**129**
Administrative expenses	(85)	(70)	(68)	(65)	-4%	(66)
Expected credit losses	(13)	-	-	-	-	-
(Loss)/Profit before tax	**(59)**	**(25)**	**55**	**55**	-1%	**63**
Income Tax credit/ (expense)	21	-	(19)	(19)	1%	(22)
(Loss)/Profit for the period	**(39)**	**(25)**	**36**	**36**	**-1%**	**41**

Source: Phoenicia Finance Company plc annual reports; Management information

PFC was set up as a special purpose vehicle, acting as the finance company for the Group and thus, income is to be generated from interest receivable on advances to Group companies. In 2020, PFC reported finance income of €1.3million, which related to interest on loan to parent company. Finance costs amounted to €1.2million, relating to interest on the bond of €1.0million and amortisation of bond issue costs of €115k. In 2021, the Issuer is projected to receive €1.3million from interest receivable from Group companies and incur €1.2million in finance costs, comprising of interest payable to bond holders and bond amortisations costs.

5.2 Statement of Cash Flows

Phoenicia Finance Company plc *Statement of cash flows (€000)*	2019 *Oct'18-Dec'19* Actual	2019 *Jan'19-Dec'19* Actual	2020 Actual	2020 Forecast	Variance	2021 Forecast
Net cash (used in) / generated from operating activities	6	7	(46)	(74)	-38%	(80)
Net cash (used in) / generated from investing activities	(24,189)	(1,750)	(325)	(125)	160%	-
Net cash generated from / (used in) financing activities	24,644	(254)	-	-	-	-
Net movement in cash and cash equivalents	**461**	**(1,997)**	**(371)**	**(199)**	**86%**	**(80)**
Cash and cash equivalents at beginning of year	-	2,459	461	461	0%	90
Cash and cash equivalents at end of year	**461**	**461**	**90**	**262**	**-66%**	**10**

Source: Phoenicia Finance Company plc annual reports; Management information

The Issuer raised €25million through the bond issue in 2018, which was then loaned out to related parties to refinance existing borrowings and to complete the Refurbishment. As stated earlier, 2019 audited financial information covers the period from the 23rd October 2018 to the 31st December 2019, thus capturing the cash flows from the bond issue. In 2020, PFC loaned an additional €0.3million to the parent company, which was the main reason behind the variance between the forecasted and actual 2020 cash flows. Management is anticipating cash outflows of €80k, resulting in a cash balance of €10k as at 31st December 2021.

5.3 Statement of financial position

Phoenicia Finance Company plc *Statement of financial position (€000)*	2018 Actual	2019 Actual	2020 Actual	2020 Forecast	Variance	2021 Forecast
ASSETS						
Non-current assets						
Financial assets	22,499	24,176	24,501	24,301	-	24,501
Deferred tax asset	-	21	5	-	-	5
Total non-current assets	22,499	24,196	24,505	24,301	-	24,506
Current assets						
Financial assets	-	56	56	56	1%	56
Other receivables	41	182	408	399	2%	607
Cash and cash equivalents	2,490	461	90	262	-66%	10
Total current assets	2,531	699	554	717	-23%	673
Total assets	**25,030**	**24,895**	**25,059**	**25,017**	**0%**	**25,179**
EQUITY AND LIABILITIES						
Issued Capital	250	250	250	250	-	250
Accumulated losses	(34)	(39)	(3)	(3)	-	38
Total Equity	216	211	247	247	0%	288
Non-current liabilities						
Interest-bearing borrowings	24,402	24,511	24,627	24,627	-	24,747
Total non-current liabilities	24,402	24,511	24,627	24,627	-	24,747
Current liabilities						
Interest-bearing borrowings	72	45	45	45	-	45
Trade and other payables	341	127	121	98	24%	76
Current tax payable	-	-	19	-	-	22
Total current liabilities	413	172	185	143	29%	143
Total liabilities	24,814	24,684	24,812	24,770	0%	24,891
Total equity and liabilities	**25,030**	**24,895**	**25,059**	**25,017**	**0%**	**25,179**

Source: Phoenicia Finance Company plc annual reports; Management information

The Issuer's balance sheet reflects its role as the financing arm of the Group with total assets of €25.0million at the end of 2020, mainly made up of the loan to parent company (€24.6 million) and other receivables (€0.4million) relating to prepayments for administrative expenses and amounts due from the parent company for expenses paid by PFC. The funding side includes the €25million 4.15% 2023-2028 unsecured bond ("the Bond Issue") that financed the loan to the parent company.

6 PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

The Issuer is dependent on the business prospects of the Guarantors and, consequently, the operating results of the Guarantors have a direct effect on the Issuer's financial position and performance.

The Group does not have a statutory requirement to prepare consolidated financial statements. However, management prepared combined financial statements for FY2018-FY2020 based on an aggregation of the audited financial statements of PML, PHCL and PFC[6], and after taking into consideration intercompany and consolidation adjustments ("the Combined Financial Statements"). The Combined Financial Statements for FY2018, FY2019 and FY2020 have been audited by Ernst & Young Malta Limited, independent auditors, as stated in their report. Combined Financial Statements are also provided on the basis of management forecasts, taking into account applicable consolidation adjustments.

The following financial information is extracted from the Combined Financial Statements of the Group for the three years ended 31st December 2018 to 31st December 2020. The forecasted financial information for the year 31st December 2021 ("FY2021") has been provided by the management of the Group, and are based on certain assumptions, including the assumption that Malta gains access to the UK's Green List in the coming months. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections. This section also includes references to forecast financial statements provided by management for 2020 which were included in the 2019 Financial Analysis Summary.

Unless otherwise stated, all amounts in the tables below are in thousands of euro (€000) and have been subject to rounding.

[6] The audited financial statements of the Guarantors have been prepared in accordance with IFRS as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta

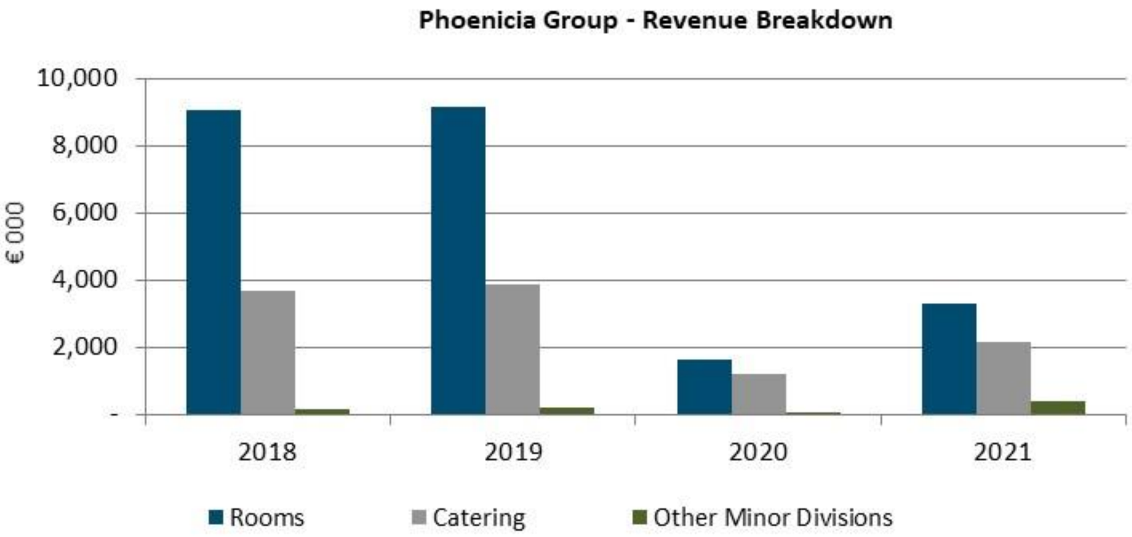
6.1 Statement of Comprehensive Income

Combined Financial Statements *Statement of comprehensive income (€000) - 31 December*	**2018** Actual	**2019** Actual	**2020** Actual	**2020** Forecast	Variance	**2021** Forecast
Revenue	**12,933**	**13,265**	**2,941**	**3,758**	-21.8%	**5,881**
Cost of sales	(6,954)	(7,197)	(4,266)	(3,227)	-32.2%	(4,917)
Gross Profit	**5,979**	**6,068**	**(1,325)**	**532**	-349.3%	**964**
Administrative expenses	(3,050)	(3,071)	(2,499)	(2,895)	13.7%	(2,513)
Selling and marketing expenses	(572)	(691)	(455)	(474)	4.1%	(581)
Other income	-	333	903	-	-	898
Operating Profit/(Loss)	**2,356**	**2,638**	**(3,376)**	**(2,838)**	-19.0%	**(1,233)**
Finance Costs	(1,714)	(1,794)	(1,766)	(1,776)	0.5%	(1,897)
Break fee on other loan	(3,383)	-	-	-		-
(Loss) / Profit before tax	**(2,741)**	**845**	**(5,142)**	**(4,613)**	-11.5%	**(3,130)**
Income tax credit/ (Tax expense)	645	45	2,216	(23)	-9919.5%	1,586
(Loss) / Profit for the year	**(2,096)**	**890**	**(2,926)**	**(4,636)**	36.9%	**(1,544)**
Revaluation of PPE	-	-	3,028	-	-	-
Re-estimation of deferred tax liability	1,801	-	-	-	-	-
Total comprehensive income for the year	**(295)**	**890**	**102**	**(4,636)**	-102.2%	**(1,544)**
EBITDA	**4,673**	**4,906**	**(1,206)**	**(580)**	108.0%	**1,146**
Adjusted EBITDA*	**4,673**	**4,906**	**(2,109)**	**(580)**	-263.6%	**248**

Source: Combined Financial Statements, Management information

**Adjusted EBITDA is calculated by adding depreciation to the operating profit (as per financial statements) and excludes Government Grants*

As illustrated by the Group's financials for 2018 and 2019, the Hotel performed strongly following the re-opening after the Refurbishment. However, the Covid-19 pandemic has had a significant impact on the Hotel's profits in 2020. The forecast performance in 2021 shows an improvement compared to that of 2020, however, the Group does not expect full recovery to pre-pandemic levels during the year. The Group generates revenue from three business segments: Rooms, Catering and Other ancillary revenue. The Group has also started to generate revenues from the Spa in Autumn 2020, however, it has not yet been operating at full capacity since its opening.



Source: Management Information; Combined Financial Statements; Curmi and Partners Ltd

The Group reported revenues of €13.3million in 2019, of which €9.2million was generated from room revenue. Following the Refurbishment, the Hotel enjoyed higher ARR and RevPar in 2018 and 2019, with occupancy levels standing at 79% in both years. The Hotel also generated revenue from its catering sector amounting to €3.9million in 2019. Unfortunately, the pandemic had a significant impact on revenues, as the Hotel was forced to operate with several restrictions in place after March 2020. Worldwide travel restrictions was another factor for the drop in occupancy and revenue per room. Due to such restrictions, the Group changed its target market to the local guests, however, the restrictions, the uncertainties relating to Covid-19 contagion levels and the economy, and the health authorities' advise to stay home discouraged people to book a stay at the Hotel. Furthermore, the restrictions on mass events and social distancing rules have limited the number of conferences, weddings and other such events which the Hotel usually hosts, thereby also decreasing revenues from catering. These pressures caused Group revenue to decrease by 77.8%, down to €2.9million in 2020. The ARR decreased from €233 in 2019 to €162 in 2020, a drop of 30.5%; and the RevPAR from €185 to €33. The opening of the pool in the Summer months helped to generate revenues in the catering sector, amounting to €1.2million in 2020 (representing 41% of total revenues), whilst the opening of the Spa in Autumn 2020 generated €9k in 2020 and is expected to generate 5% of revenues in 2021. The variance in revenues from the 2020 forecast values were largely due to the pandemic uncertainty and restrictions being prolonged till the end of the year. Moreover, the travel restrictions between the United Kingdom ("UK") and Malta also impacted revenues, given that the UK is the main market for the Hotel.

The Hotel's limited operations decreased cost of sales by 40.7%, from €7.2million to €4.3million. A number of cost-cutting measures and staff costs policies were implemented by the Group to limit costs, including total curtailment of all direct variable payroll and other variable operating expenses, and reductions in payroll costs reflecting reduction in working hours from June 2020 to May 2021, as a result of the significant drop in demand. Furthermore, terminations and retirement of full-time employees was not replaced and a number of interdepartmental synergies were applied to limit costs. Direct expenses were higher than forecasted in FAS 2020 as additional expenses were incurred in response to new regulations relating to the Coronavirus. However, the cost-cutting measures implemented by management limited the administrative expenses, which were 13.7% lower than forecasted.

As a result of the cost-cutting measures implemented by the Group, administrative expenses decreased to €2.5million, down from €3.1million in the previous year, and selling and marketing expenses decreased by 34.2% to €0.5million. During the year the Group benefited from a Covid-19 wage supplement from the government to support the wages of its employees.

However, these measures were not sufficient to fully mitigate the challenges created by the pandemic, with EBITDA resulting in a negative amount of €1.2million (including the €0.9million supplement mentioned above), compared to the EBITDA of €4.9million generated in 2019. The operating loss amounted to €3.4million, compared to an operating profit of €2.6million in the previous year. After reporting the first positive profit after tax since the Refurbishment in 2019, the Group made a loss of €5.1million.

In 2018, PHCL entered into a lease agreement with a related company for the rental of the hotel land and building for a period of one year, renewable for a further period of one year each up to a maximum period of fifteen years in the aggregate. In terms of the lease agreement, PHCL pays annual rent of €2.5million revisable every three years assuming a complete development of the hotel. Following the outbreak of Covid-19 pandemic, the lessor gave a rent concession to PHCL of €0.2million, which off-set at Group level.

The valuation technique of the sites owned by the Hotel was previously valued by external, independent and qualified architects and the value for both the sites in operation and the other sites was determined by the application of a market-derived capitalisation rate to the annual earnings to establish the present value of the income stream associated with each asset. In FY2020, the valuation technique of the sites in operation was changed in the context of the sudden operative disruptions and uncertainties caused by the Covid-19 pandemic, whereby a valuation technique which considers the medium to long-term projection was deemed to be more appropriate in the circumstances to reflect the impact of the Covid-19 pandemic. To make these calculations, management assumed return to pre-pandemic levels of activity in 2023. Whilst at the standalone level of PML no revaluation gain or loss was registered, the combined financial statements include a revaluation gain of €3.0million. This is a result of the additional depreciation being charged in the combined financial statements due to the reclassification of the investment property to property, plant and equipment in the combined financial statements. On this basis, other comprehensive income amounted to €0.1million for FY2020 (2019: €0.9million).

Another wave of infections and deaths at the end of 2020 led to governments re-introducing containment measures in the beginning of 2021. However, as the number of vaccinated people is increasing, the restrictions are eased and tourism is being pushed again, the Hotel is expecting a slight increase in activity over 2021. Nevertheless, the Group does not expect to return to pre-pandemic levels for at least another two years. Occupancy level is expected to increase to

36.5% and the ARR is expected to reach €182. Revenue is expected to increase to €5.9million, and gross profit to amount to €1.0million. The Government of Malta extended the wage supplement scheme in the first half of 2021 to support those businesses which are significantly impacted by the pandemic, and this is expected to continue until the end of 2021. The Group expects to receive an additional €0.9million in 2021 relating to these measures. Positive EBITDA of €1.1million is expected to be generated in 2021 (including the government grant). Administrative, selling and marketing expenses and finance costs are expected to remain at the levels of FY2020, and the loss for the year is expected to amount to €1.5million.

6.2 Statement of Cash Flows

Combined Financial Statements *Statement of cash flows (€000) - 31 December*	**2018** Actual	**2019** Actual	**2020** Actual	**2020** Forecast	Variance	**2021** Forecast
Net cash generated from / (used in) operating activities	4,766	4,036	(340)	(485)	29.8%	1,558
Net cash (used in) / generated from investing activities	(4,917)	(1,585)	(2,194)	(2,713)	19.1%	(707)
Net cash (used in) / generated in financing activities	2,651	(3,552)	1,430	4,663	-69.3%	173
Net movement in cash and cash equivalents	**2,501**	**(1,101)**	**(1,105)**	**1,465**	-175.4%	**1,024**
Cash and cash equivalents at beginning of year	(202)	2,299	1,198	1,198	0.0%	93
Cash and cash equivalents at end of year	**2,299**	**1,198**	**93**	**2,663**	-96.5%	**1,117**

2018 was the first full financial year where the Hotel was able to operate at full capacity, following the refurbishment project. Despite the challenges brought about by the pandemic, the Group ended the year with a positive cashflow in FY2020.

Cash used in operating activities was of €0.3million, driven by lower operating profits generated over the year. Cash used in investing activities relate to the outlays used for the Spa as the project was completed. New loans, payments relating to interest payable on senior debt and the bond issue comprised the cash generated from financing activities of €1.4million.

During FY2020, PHCL obtained a facility of €6million from the bank to cover shortfall in operating cashflow arising from the Covid-19 pandemic, with an amount of €2.7million drawn in FY2020 and the amount of €3.3million expected to be drawn in FY2021. The facility benefits from the Government of Malta's support by means of a capped portfolio guarantee and is eligible for an interest rate subsidy of 2.4% for the first two years (MDB Covid-19 Assist Programme), referred to as the "MDB Loan". This facility bears a fixed interest rate of 2.5% for the first 2 years plus guarantee fee.

In 2021, the Group is expected to generate positive cash flows from operating activities amounting to €1.6million. The net cash used in investing activities is expected to amount to €0.7million, as payments relating to the Spa are expected to be incurred in 2021. As explained in the previous paragraph, the Group expects to loan €3.3million. However, it also expects to repay bank loans amounting to €1.5million in 2021 and pay interest on the bond, generating net cash from financing activities of €173k.

6.3 Statement of Financial Position

Combined Financial Statements *Statement of financial position (€000) - 31 December*	**2018** Actual	**2019** Actual	**2020** Actual	**2020** Forecast	Variance	**2021** Forecast
ASSETS						
Non-current assets						
Property, plant and equipment	87,146	86,399	90,196	86,855	3.8%	88,524
Deferred tax asset	2,887	2,980	5,198	2,980	74.5%	6,806
Other non-current assets	50	50	50	50	0.0%	50
Total non-current assets	**90,083**	**89,429**	**95,444**	**89,885**	6.2%	**95,380**
Current assets						
Inventories	186	197	150	185	-19.0%	185
Trade and other receivables	785	734	524	123	324.6%	346
Cash and cash equivalents	2,500	1,198	93	2,663	-96.5%	1,084
Total current assets	**3,470**	**2,130**	**768**	**2,972**	-74.2%	**1,615**
Total assets	**93,553**	**91,559**	**96,212**	**92,857**	3.6%	**96,995**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	13	13	13	13	0.0%	13
Deferred shares	839	839	839	839	0.0%	839
Revaluation reserve	36,323	36,260	39,227	36,260	8.2%	39,227
Retained earnings	(1,595)	(644)	(3,508)	(5,280)	33.6%	(5,052)
Total equity	**35,579**	**36,469**	**36,571**	**31,833**	14.9%	**35,027**
Non-current liabilities						
Interest-bearing loans and borrowings	46,046	44,446	46,587	50,886	-8.4%	48,574
Deferred tax liability	4,733	4,761	5,506	4,761	15.6%	5,506
Total non-current liabilities	**50,779**	**49,208**	**52,093**	**55,647**	-6.4%	**54,080**
Current liabilities						
Trade and other payables	5,010	3,953	4,565	3,445	32.5%	4,853
Interest-bearing loans and borrowings	1,946	1,910	2,964	1,910	55.2%	3,013
Current tax payable	38	20	19	23	-15.2%	22
Bank overdraft	201	-	-	-		-
Total current liabilities	**7,195**	**5,882**	**7,548**	**5,377**	40.4%	**7,889**
Total liabilities	**57,974**	**55,090**	**59,641**	**61,024**	-2.3%	**61,969**
Total equity and liabilities	**93,553**	**91,559**	**96,212**	**92,857**	3.6%	**96,995**

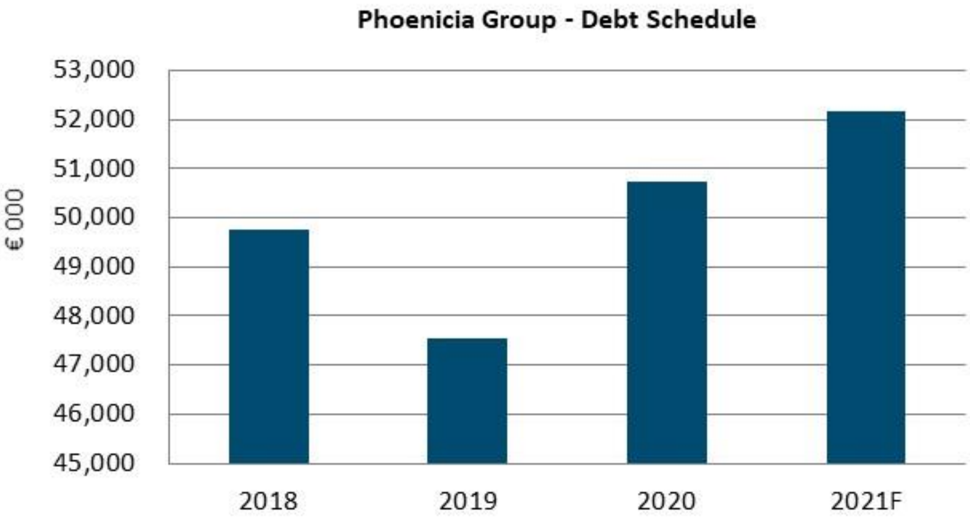
Source: Combined Financial Statements, Management information

Total assets increased to €96.2million in FY2020, increasing by €4.7million from the previous year, driven by the revaluation of the sites in operation mentioned in Section 6.1 and the completion of the Spa. Furthermore, deferred tax assets increased as deferred tax on unutilized tax losses and capital allowances amounting to €5.2million were recognized in the financial statements. The latter was expected to amount to €3.0million in FAS 2020, however, in 2021, management performed a detailed assessment for the recoverability of the deferred tax assets and considered it prudent to recognize the additional deferred tax in 2021. Trade and other receivables were higher than forecasted in FAS 2020, which mainly represents the reclassification between a payable to receivables relating to VAT receivable.

Total liabilities also increased from €55.1million in 2019 to €59.7million in 2020. Interest bearing loans and borrowings increased to €49.6million (2019: €46.4million) including both current and non-current loans and borrowings. Non-current borrowings increased to €46.6million whilst current borrowings increased by 55.2% to €3.0million, as bank loan facilities increased over the year. Trade and other payables increased marginally from €4.0million to €4.6million as contract liabilities representing advances from customers increased from €0.6million to €0.9million. Management have indicated that they are expecting most of this balance to be utilised in 2021, however there are also some requests for guests to utilise their deposits by the end of December 2022 given uncertainty in travelling plans. During the year, the Government of Malta issued a scheme in response to the pandemic for deferral of indirect taxes. The Group obtained this deferral and the balance is expected to be settled in FY2022. This increased the indirect taxes including social security payable by €0.6million, to €0.7million in FY2020.

Management expects total assets to amount to €97.0million as at 31st December 2021, as property, plant and equipment is expected to decrease by €1.7million and deferred tax is expected to increase to €6.8million given that further accumulated tax losses are expected to accumulate at PHCL. Total equity is expected to decrease marginally given that the expected loss in FY2021 will continue to decrease retained earnings. Borrowings and trade and other payables are expected to increase to €51.6million and €4.9million respectively.

6.4 Borrowings



Source: Management Information; Combined Financial Statements

The Group has been mainly financed through debt over the years. Total borrowings as at 31st December 2020 amounted to €50.7million, mainly comprising of the bond issue and bank debt. Other borrowings comprise of creditors for capital expenditure. As previously explained, in response to the Covid-19 pandemic the Group obtained further finance to support working capital and liquidity requirements. Whilst €2.7million of the €6million MDB Loan were borrowed in FY2020, a further €3.3million is expected to be borrowed in FY2021.

Combined Financial Statements	**2018**	**2019**	**2020**	**2021**
Borrowings Breakdown	Actual	Actual	Actual	Forecast
Bank Borrowings	23,647	21,799	24,880	26,795
Other Borrowings	1,568	1,171	1,171	1,171
4.15% Bond	24,546	24,557	24,672	24,793
Total Borrowings	**49,761**	**47,527**	**50,723**	**52,759**

Source: Combined Financial Statements; Management information

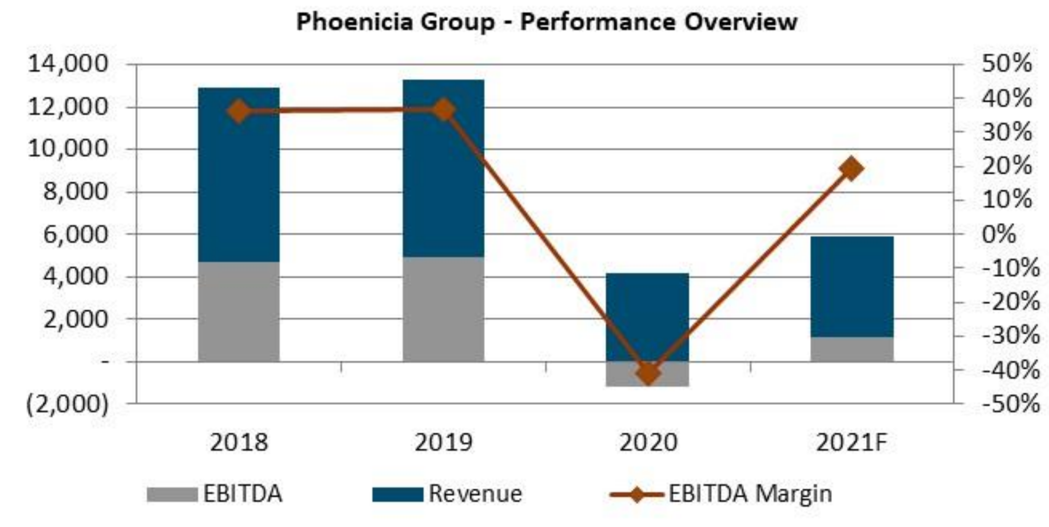
The figures in the table above differ slightly from those shown in previous years' financial analysis summaries as the current accrued interest relating to the Bond has now been included under 4.15% Bond whereas it was previously being included under bank borrowings.

6.5 Evaluation of Performance and Financial Position

Following the re-opening after the Refurbishment, the Hotel implemented a solid recovery in 2018 and 2019, achieving higher ARR, RevPAR and occupancy levels, and generating EBITDA of €4.7million and €4.9million in 2018 and 2019 respectively. However, due to the Covid-19 pandemic this positive trend was disrupted in 2020. Occupancy levels, RevPAR and

ARR were significantly weaker for the year, but management now expects a marginal improvement in 2021.

As expected the significant impact of the coronavirus pandemic on the hospitality industry had a substantial effect on the Group's operations and profits. Phoenicia curtailed operations for the months between 19 March 2020 and 30 June 2020, and although tourism restrictions eased in July, occupancy levels for the rest of the year was significantly lower. Whilst some recovery in occupancy levels, ARR, RevPAR is expected in 2021, management does not expect the Hotel to return to pre-pandemic level of operations until 2023. Despite a number of cost-cutting measures and the Government support provided over the year, the Group was not able to achieve profitability. Having said this, management now expects increased revenues and further support in the form of wage supplements to result in positive EBITDA generation during the current year. Management is continuously assessing and monitoring the situation in order to maximize efficiency and minimize the impact of the pandemic on the Group's operations. Whilst the situation has started to improve, visibility remains uncertain. Management expects that a prime factor for the improvement in operations would be access to the British market.



Source: Management information; Combined Financial Statements; Curmi and Partners Ltd

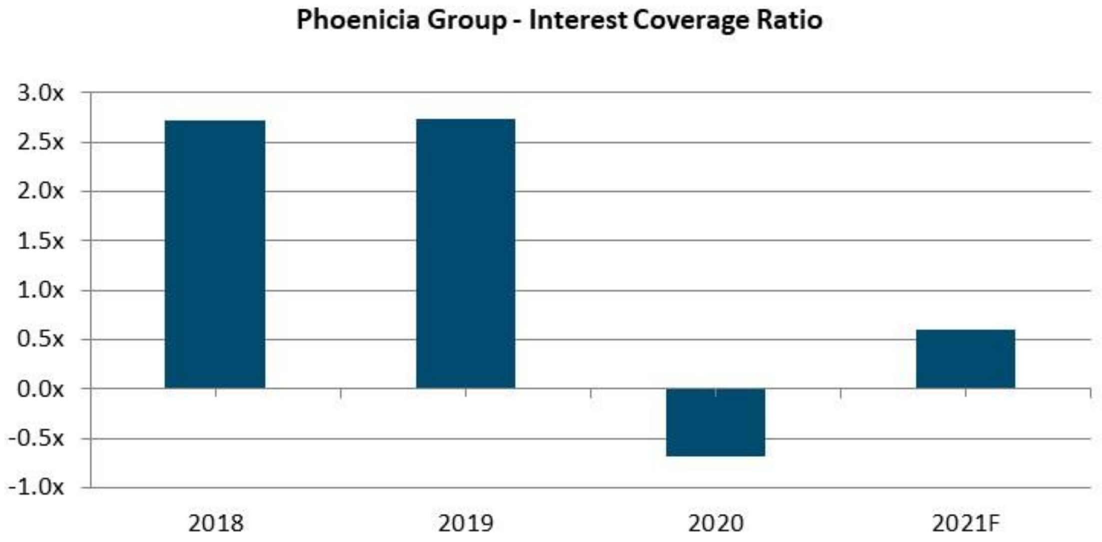
Combined Financial Statements *Profitability Ratios - 31 December*	2018 Actual	2019 Actual	2020 Actual	2021F Forecast
Gross Profit Margin (Gross Profit / Revenue)	46.2%	45.7%	-45.1%	16.4%
Gross Operating Profit Margin (Gross Operating Profit / Revenue)	40.4%	39.3%	-51.7%	8.9%
EBITDA margin (EBITDA / Revenue)	36.1%	37.0%	-41.0%	19.5%
Adjusted EBITDA margin (Adjusted EBITDA / Revenue)	36.1%	37.0%	-71.7%	4.2%
Interest Coverage (EBITDA / Net Finance Costs)	2.7x	2.7x	-0.7x	0.6x
Interest Coverage (Adjusted) (Adjusted EBITDA / Net Finance Costs)	2.7x	2.7x	-1.2x	0.1x
Return on Assets (Gross Operating Profit / Average Total Assets)	5.7%	5.6%	-1.6%	0.5%
Return on Capital Employed (Gross Operating Profit / Average Capital Employed)	6.3%	6.1%	-1.7%	0.6%
Net Profit Margin (Profit for the year / Revenue)	-16.2%	6.7%	-99.5%	-26.3%
Return on Equity (Profit for the year /Average Total Equity)	-5.9%	2.5%	-8.0%	-4.3%

Source: Management information; Combined Financial Statements; Curmi and Partners Ltd

Return on Capital Employed (“ROCE”) and Return on Assets (“ROA”), hereby estimated on the basis of gross operating profit, had improved considerably since the refurbishment was completed. Given that operating costs were higher than revenues in FY2020, the ROCE and the ROA were negative in this year.

Interest cover ratios were under pressure in 2020, driven by negative EBITDA, with finance costs remaining relatively unchanged, deteriorating to -0.7x. In 2021, interest cover ratio is expected to improve to 0.6x.

Bottom line margins and profitability were significantly impacted by the coronavirus pandemic, given that the Hotel’s main operations were curtailed or restricted for most of 2020 due to containment measures. Although management is expecting occupancy levels to increase marginally in 2021, it is still expected to suffer net losses at the bottom line.



Source: Management Information; Combined Financial Statements; Curmi and Partners Ltd

Over the recent period, the Group's liquidity ratios were below 1x, with current liabilities exceeding current assets. Capital payables decreased in 2018 and 2019, reflecting the completion of the Refurbishment project. The Group's liquidity ratios decreased further in 2020, as the Group held lower cash and cash equivalents and had higher borrowings and advances from customers. Whilst liquidity ratios below 1x are not uncommon in the industry, with cash inflows from sales mainly received in advance compared to delayed outflows related to suppliers and expenses, the Group's position in this respect was also impacted by both the Refurbishment and the restricted operations of the Hotel in 2020 which required additional liquidity resources.

Combined Financial Statements *Statements of Financial Position Ratios - 31 December*	**2018** Actual	**2019** Actual	**2020** Actual	**2021F** Forecast
Current Ratio (Current Assets / Current Liabilities)	0.5x	0.4x	0.1x	0.2x
Quick Ratio (Current Assets less Inventories / Current Liabilities)	0.5x	0.3x	0.1x	0.2x
Gearing Ratio (1) (Borrowings / {Total Equity + Borrowings})	58.3%	56.6%	58.1%	60.1%
Gearing Ratio (2) (Borrowings / Total Equity)	1.4x	1.3x	1.4x	1.5x
Net Leverage Ratio (Net Borrowings / EBITDA)	10.1x	9.4x	-42.0x	45.1x
Free Cash Flow to Debt (Free cash flow / Borrowings)	-0.5%	6.2%	-5.8%	2.2%

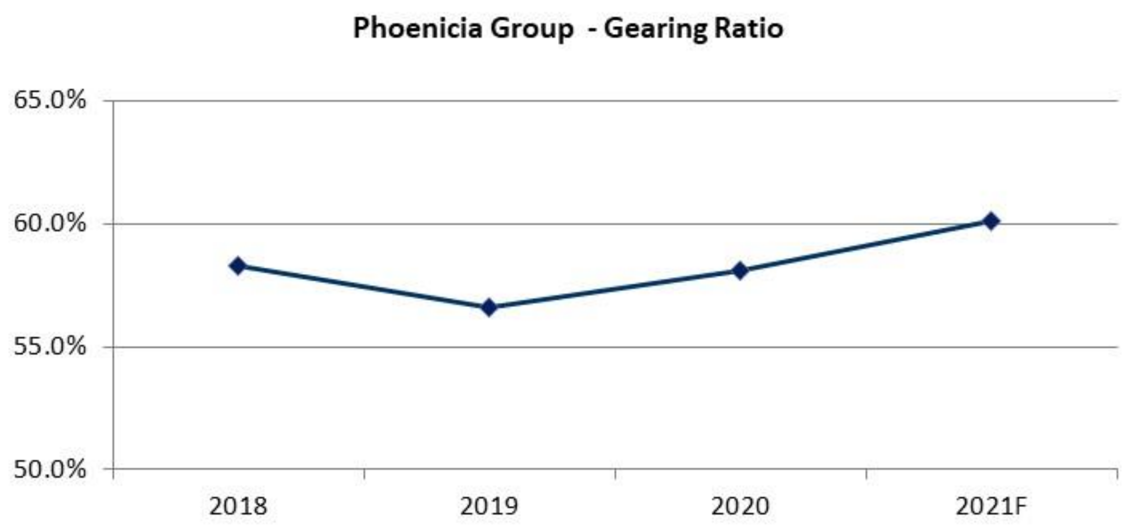
Source: Management information; Combined Financial Statements; Curmi and Partners Ltd

NB: Certain ratios in 2020 indicate values that would not be considered as typical for such metrics. These values reflect the impact of the extraordinary circumstances on the financial performance of the Group (particularly relating to negative or substantially low EBITDA).

The Group's capital structure improved following the refurbishment and the re-opening of the Hotel, benefitting from the property revaluation that took place in 2017 as well as from the Hotel's improved operational performance thereafter. Gearing increased in 2020 as a result of higher borrowings. Phoenicia's net leverage position was impacted by the negative EBITDA as a result of the Covid-19 pandemic on the Group's operations. Whilst management forecasts indicate that the Group is expected to be profitable at the EBITDA level in 2021, net leverage ratios are still expected to remain considerably high compared to typical years of operation.

Free cash flow ("FCF"), hereby estimated by adjusting EBITDA for capital expenditures, changes in working capital (including inventories, trade and other receivables, trade and other payables, and advances from customers) and taxes paid, had improved in 2019. However the challenges of FY2020 resulted in a deterioration. Management notes that whilst the Group is expected to benefit from recent major investments, future plans for capital expenditures are being moderated going forward, due to the situation over recent months. Additionally, management indicates that it considers the Group's levels of available liquidity to be sufficient.

The Board of Directors determined not to pay any dividends for the year ended 31st December 2020. The Company's dividend pay-out policy is driven by the level of profitability and the Group's overall strategy, including its investment plans. Additionally, dividend payments are restricted by the relevant covenants in place.



Source: Management Information; Combined Financial Statements; Curmi and Partners Ltd

7 COMPARABLES

The table below compares a selection of ratios of the Group to those of other issuers and group operating in the local hotel and entertainment industry. It is relevant to note that there could be variances in the mix of operations undertaken by these groups. In particular, certain other corporate groups operate in a diverse range of sectors, with operations not restricted to the hotel sector as is the case for the Group. This was especially relevant in 2020, as some of the Group's competitors operate in other industry segments which were less impacted by the pandemic than the hotel industry. Furthermore, whilst the Group operates a single property, most other companies operate multiple hotel assets. Other differences could include characteristics of the specific debt instrument.

However, the below comparison of basic credit metrics could be considered a useful indication of the relative financial performance and debt servicing capability of the Issuer. The below ratios are calculated using financials for FY2020 presented in their audited annual financial statements. As evident in the table below, the operations and the performance of all of the group companies operating in this industry were severely hit by the pandemic.

Comparables - Hospitality related companies on the MSE			
Issuer/ Group	**Gearing**	**Interest Coverage**	**Net Debt/EBITDA**
Phoenicia Group	**58.1%**	**-0.7x**	**-42.0x**
AX Holdings	27.0%	0.8x	28.6x
International Hotel Investments	43.5%	-0.1x	-146.7x
Eden Leisure Group	32.6%	-0.5x	-47.3x
SD Holdings	34.9%	6.9x	1.9x
Tumas Group (Spinola Developments)	28.3%	8.2x	1.3x

Source: Financial Statements, Curmi and Partners Ltd

8 GLOSSARY

Non-current assets	Non-current assets are long-term investments, the full value of which will not be realised within the accounting year.
Current assets	Current assets are all assets that are realisable within one year from the statement of financial position date. Such amounts include trade receivables, inventory, cash and bank balances.
Current liabilities	Current liabilities are liabilities payable within a period of one year from the statement of financial position date, and include trade payables and short-term borrowings.
Non-current liabilities	Long-term financial obligations or borrowings that are not due within the present accounting year. Non-current liabilities include long-term borrowings, bonds and long-term lease obligations.
Total Equity	Total equity includes share capital, reserves, retained earnings and minority interests. It relates to the capital and reserves that are attributable to owners of the company.
Cash flow from operating activities	Cash flow from operating activities illustrates the cash-generating abilities of a company's core activities, and includes cash inflows and outflows that are related to operating activities.
Cash flow from investing activities	Cash flows from investing activities reflect the change in cash position resulting from investments and divestments.
Cash flow from financing activities	Cash flows from financing activities shows the cash inflows and outflows related to financing transactions with providers of funding, owners and the creditors.
Free Cash Flow	A measure of the ability to generate the cash flow necessary to maintain operations. It is the balance after all cash flows for operating activities, fixed asset net investments, working-capital expenditures. The definition of free cash flow may vary; for this purpose it was based on EBITDA adjusting for net investments, working capital and tax.

Gross Operating Profit	Gross operating profit refers to the total revenue of the hotel less expenses incurred earning that revenue. This indicator is a performance measure used in the hotel industry.
Gross Operating Surplus	Gross operating surplus is the surplus on production activities before taking into account interest, rents or charges paid or received for the use of assets.
EBITDA	Earnings before interest, tax, depreciation and amortisation (EBITDA) is a measure of operating profitability. It excludes depreciation and amortisation, and is viewed as measure of a company's core profitability and cash generating ability.
Operating and Financial Ratios	
ARR	Average Room Rate (ARR) is the average price of each room sold during a particular period of time. It is calculated by dividing accommodation revenue by the number of rooms sold.
RevPAR	Revenue per available room (RevPAR). It is calculated by dividing the hotel's total revenue by the number of rooms available and the number of days in the period under consideration.
Occupancy level	Occupancy level is the percentage of available rooms being sold for a certain period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Current ratio	The current ratio measures the ability to pay short term debts over the next 12 months. It compares a company's current assets to its current liabilities.
Quick ratio	Similarly to current ratio the quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. It excludes inventories from current assets.
Gearing or leverage ratio	The gearing or leverage ratio indicates the relative proportion of borrowings and equity used to finance a company's assets. It is estimated by dividing total borrowings by total borrowings plus total equity, or as the ratio of total borrowings to total equity.
Interest Coverage ratio	Interest coverage ratio is generally calculated by dividing a company's EBITDA, or EBIT (operating profit) of one period by

	the company's interest expense of the same period. It measures the ability of the borrower to service the finance costs related to borrowings.
Net Debt to EBITDA	This ratio compares financial borrowings and EBITDA as a metric for estimating debt sustainability, financial health and liquidity position of an entity. It compares the financial obligations to the actual cash profits.
Gross Profit Margin	Gross profit margin is the ratio of gross profit to revenue. It is the percentage by which gross profits exceed cost of sales, and is a measure of profitability at the most fundamental level.
Operating Profit Margin	Operating margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
Gross Operating Profit Margin	Gross operating profit margin is the ratio of Gross Operating Profit to revenue. It measures how much profit is made on revenue after paying for costs incurred to earn revenue.
EBITDA Margin	Similarly to operating margin, EBITDA margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
Net Profit Margin	Net profit margin is the ratio of profit for the period to revenues, and is a measure of how much of revenues is converted into bottom line profits.
Return on Assets (ROA)	Return on assets is the ratio of profit for the period or operating profit to average total assets for the period. It measures efficiency in using its assets to generate income.
Return on Capital Employed (ROCE)	This ratio measures efficiency in generating income but takes into consideration the sources of financing. Profit for the period or operating profit is divided by the capital employed (fixed assets plus working capital or total assets less current liabilities)
Return on Equity	Measures the profitability in terms of how much profit is generated in relation to owners' investment.