PHOENICIA FINANCE COMPANY P.L.C.

REGISTRATION DOCUMENT

DATED 15 NOVEMBER 2018

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Registration Document is issued pursuant to the requirements of Listing Rule 4.13 of the Listing Rules and contains information about Phoenicia Finance Company p.l.c.

Issue of €25,000,000 4.15% Unsecured Bonds 2023-2028
by

PHOENICIA FINANCE COMPANY P.L.C.

a public limited liability company registered in Malta
with company registration number C 88958

(Due 15 December 2028, subject to early redemption at the option of the Issuer
on any Early Redemption Date)

with the joint and several Guarantee* of
Phoenicia Malta Limited
a private limited liability company registered in Malta with company registration number C 41576
and
Phoenicia Hotel Company Limited
a private limited company registered in the United Kingdom and registered
as an oversea company in Malta with registration number OC1

*Prospective investors are to refer to the Guarantee contained in Annex II of the Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the Sections entitled “Risks” or “Risk Factors” contained in the Summary Note, this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantors.

Sponsor

CURMI & PARTNERS

Manager & Registrar

BOV Bank of Valletta

Legal Counsel

Refalo & Zammit Pace ADVOCATES

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

THESE SECURITIES ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF INVESTORS. A PROSPECTIVE INVESTOR SHOULD NOT INVEST IN THESE SECURITIES UNLESS: (I) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (II) THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE PROSPECTIVE INVESTOR; AND (III) THE PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS RESULTING FROM INVESTING IN THESE SECURITIES.

APPROVED BY THE DIRECTORS

Mark D. Shaw

Jean Pierre Ellul Castaldi

Mario P. Galea

Benjamin Muscat

Etienne Borg Cardona

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON PHOENICIA FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER AND PHOENCIA MALTA LIMITED AND PHOENICIA HOTEL COMPANY LIMITED AS GUARANTORS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTORS OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTORS OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE DIRECTORS OF THE ISSUER, AS IDENTIFIED UNDER THE HEADING "DIRECTORS OF THE ISSUER" IN SECTION 3.1 OF THIS REGISTRATION DOCUMENT, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS OF THE ISSUER ACCEPT RESPONSIBILITY ACCORDINGLY.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: BY ANY PERSON IN ANY JURISDICTION IN WHICH (I) SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTORS SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED

INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THIS REGISTRATION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTORS NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS" IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTORS, AS THE CASE MAY BE, IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE CONTENTS OF ANY WEBSITE OF THE ISSUER OR OF THE GUARANTORS OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO ANY WEBSITE OF THE ISSUER OR OF THE GUARANTORS DO NOT FORM PART OF THIS PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

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1.
DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the laws of Malta);
Bond(s)	a maximum of €25,000,000 unsecured bonds due on the Redemption Date having a nominal value of €100 per bond bearing interest at a rate of 4.15% per annum and redeemable at their nominal value, as detailed in the Securities Note. The Bonds are guaranteed jointly and severally by PML and PHCL;
Bond Issue	the issue of the Bonds;
Bondholder	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
Company or Issuer	Phoenicia Finance Company p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 88958, and having its registered office at The Phoenicia Hotel, The Mall, Floriana, Malta;
Directors or Board	the directors of the Issuer whose names are set out under the heading "Directors of the Issuer" in Section 3.1 of this Registration Document;
Early Redemption Date	15 December 2023, 15 December 2024, 15 December 2025, 15 December 2026 and 15 December 2027, subject to the Issuer giving the Bondholders at least 60 days' notice in writing;
EBITDA	an abbreviation used for earnings before interest, tax, depreciation and amortisation;
Financial Analysis Summary	the financial analysis summary prepared by Curmi & Partners Ltd in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus relating to the Issuer and the Guarantors, a copy of which is set out in Annex III of the Securities Note forming part of the Prospectus;
Group or Phoenicia Group	PML, PHCL, the Issuer, and their subsidiaries from time to time;
Guarantee	the joint and several guarantee dated 15 November 2018 granted by the Guarantors as security for the punctual performance of all the obligations undertaken by the Issuer under the Bond Issue. A copy of the Guarantee and description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex II thereto;
Guarantors	PML and PHCL, each a Guarantor;
Listing Authority	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Phoenicia Hotel or Hotel	the hotel operating as "The Phoenicia Malta", which is operated by PHCL in terms of a lease agreement with PML, as fully described in Section 4.4.1 of this Registration Document;

PHCL	Phoenicia Hotel Company Limited, a private limited company registered in the United Kingdom, having its registered office at Eversheds House 70, Great Bridgewater Street, Manchester M1 5ES, United Kingdom, and registered as an oversea company in Malta with registration number OC1;
PHL	Phoenicia Hotel (Lux) S.à r.l., a company registered in Luxembourg, with registration number B178459, and having its registered address at 6, rue Eugène Ruppert, Luxembourg 2453, Luxembourg;
PML	Phoenicia Malta Limited, a private limited liability company registered in Malta with company registration number C 41576 and having its registered office at The Phoenicia Hotel, The Mall, Floriana, Malta;
Premises	the premises located at The Mall, Floriana, Malta as more fully described in Section 11 ("Material Contracts") of this Registration Document, which includes the Phoenicia Hotel;
Prospectus	this Registration Document, the Securities Note and the Summary Note, all dated 15 November 2018;
Redemption Date	15 December 2028, or in the event of early redemption, at the Issuer's sole discretion on any one of the relevant Early Redemption Dates;
Registration Document	this document dated 15 November 2018 in its entirety forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	the securities note issued by the Issuer dated 15 November 2018, forming part of the Prospectus;
Subsidiaries	all entities over which PHL as ultimate holding company has control and which as at the date of this Registration Document, include without limitation each of PML, PHCL and the Issuer. In terms of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity;
Summary Note	the summary note issued by the Issuer dated 15 November 2018, forming part of the Prospectus;
Teramy	Teramy Investments S.à r.l., a company registered in Luxembourg, with registration number B171015, and having its registered address at 6, rue Eugène Ruppert, 4, 2453, Luxembourg.

Unless it appears otherwise from the context:

a. words importing the singular shall include the plural and vice-versa;
b. words importing the masculine gender shall include the feminine gender and vice-versa;
c. the word 'may' shall be construed as permissive and the word 'shall' shall be construed as imperative.

2.
RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTORS ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTORS' FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTORS TO HONOUR THEIR OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND THE GUARANTORS AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTORS MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTORS' DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTORS.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR OF ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.1. FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantors' strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantors' directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantors' directors include those risks identified under this Section 2 and elsewhere in the Prospectus. As mentioned above, if any of the risks described were to materialise, they could have a material effect on the Issuer's and Guarantors' financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued in terms of the Prospectus and of the Guarantors to honour their obligations under the Guarantee.

Accordingly, the Issuer and Guarantors caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantors with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantors and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the Sections entitled "Risk Factors", for an assessment of the factors that could affect the Issuer's and Guarantors' future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

2.2. GENERAL

The Bonds are complex financial instruments and may not be suitable for all recipients of the Prospectus. Prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

a. **has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained, or incorporated by reference, in the Prospectus or any applicable supplement;**
b. **has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;**
c. **understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and**
d. **is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

2.3. RISKS RELATING TO THE ISSUER'S RELIANCE ON THE GUARANTORS

The Issuer, a subsidiary of PML and forming part of the Phoenicia Group, was incorporated on 23 October 2018 and, accordingly, has no trading record or history of operations. Furthermore, the Issuer itself does not have any substantial assets and is a special purpose vehicle set up to act as a financing company solely for the Phoenicia Group's requirements, and, therefore, its assets are intended to consist primarily of loans issued to any company within the Phoenicia 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. Accordingly, the risks affecting the business and operations of the Guarantors have a direct effect on the ability of the Issuer and the Guarantors to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

In particular, the Issuer is principally dependent on income derived from the interest payments and loan repayments from any company within the Phoenicia Group to which it may have granted any loan/s and this may affect, amongst other obligations, the Issuer's ability to service interest payments on the Bonds and the repayment of the principal amount when due.

The interest payments and loan repayments above-mentioned are subject to certain risks. More specifically, the ability of PML and, or PHCL to effect payments to the Issuer will depend on the cash flows and earnings of PML and, or PHCL, which may be impacted by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, or by other factors beyond the control of the Issuer and/or the Phoenicia Group. The occurrence of any such event could, in turn, negatively affect the ability of the Issuer and the Guarantors to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

2.4. RISKS RELATING TO THE BUSINESS OF THE PHOENICIA GROUP

2.4.1. RISKS RELATING TO THE HOTEL INDUSTRY

The Phoenicia Group is subject to certain risks common to the hotel industry, some of which are beyond its control

The Phoenicia Group's hotel operations and the results thereof are subject to a number of external factors that could adversely affect the Phoenicia Group's business, many of which are common to the hotel industry and beyond the Phoenicia Group's control, including the following:

- **a downturn in international and, or regional market conditions or in the political, economic and, or market conditions in Malta and, or in the countries from which the Phoenicia Hotel's guests mainly originate, may negatively affect the demand for leisure and business travel and meeting, incentive and conference space;**
- **increased competition and periodic local oversupply of guest accommodation in Malta;**
- **changes in travel patterns, impediments to means of transportation (including airline strikes and border closures), any increase in or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes;**
- **seasonality, where Malta may experience varying levels of occupancy during different seasons;**
- **natural disasters, epidemics, industrial action, travel-related accidents, actual or threatened war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty;**
- **changes in laws and regulations on employment, the preparation and sale of food and beverages, health and safety, alcohol licensing, environmental concerns, fiscal policies, zoning and development, and the related costs of compliance;**

- **increases in operation costs due to inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs; and**
- **the termination, non-renewal and, or the renewal on less favourable terms of material contracts, as well as agreements entered into with tour operators.**

The impact of any of these factors (or a combination of any of them) may adversely affect room rates and occupancy levels at the Phoenicia Hotel, or otherwise cause a reduction in the Phoenicia Group's income. Such factors (or a combination of any of them) may also adversely affect the value of the Phoenicia Hotel and in any such case would have a material adverse effect on the Phoenicia Group's business, financial condition and results of operations.

The Phoenicia Group is exposed to a variety of risks associated with safety, security, and crisis management

There is a constant need to protect the safety and security of Hotel guests, employees, and assets against natural and man-made threats. These include, but are not limited to, exceptional events such as weather conditions, civil or political unrest, violence and terrorism, serious and organised crime, fraud, employee dishonesty, cyber-crime, pandemics, fire and day-to-day accidents, incidents, and petty crime which impact the guest or employee experience, could cause loss of life, sickness or injury and result in compensation claims, fines from regulatory bodies, litigation and impact reputation. Serious incidents or a combination of events could escalate into a crisis which, if managed poorly, could further expose the Phoenicia Group to significant reputational damage.

The Phoenicia Group is exposed to the risks of the hotel industry supply-and-demand cycle

The future operating results of the Phoenicia Group could be adversely affected by industry overcapacity and weak demand, due in whole or in part, to the cyclical nature of the hotel industry or other differences between management assumptions and forecasts and actual operating conditions and results. These conditions could result in reductions in room rates and occupancy levels, which would adversely impact the financial performance of the Phoenicia Group.

The Phoenicia Group is subject to a competitive and changing industry

The Phoenicia Group operates in a competitive industry and must compete effectively against traditional competitors such as global hotel chains, local hotel companies and independent hotels to win the loyalty of guests and employees. A number of the local hotels form part of large corporate groups that could support their market position and financial soundness in different market conditions, whilst additionally some of the other local hotels represent very well recognised international brands. The competitive landscape also includes other types of businesses, such as web-based booking channels (which include online travel agents and intermediaries) and alternative sources of accommodation such as the growing boutique hotel market and short-term lets of private property. Failure to compete effectively in traditional and emerging areas of the business could impact the Phoenicia Group's market share, profitability, and relationships with guests.

The Phoenicia Group is exposed to increasing competition from online travel agents and intermediaries

A proportion of the Phoenicia Hotel's bookings originate from large multinational, regional, and local online travel agents and intermediaries with which the Phoenicia Group has contractual arrangements and to which it pays commissions. These websites offer a wide breadth of products, often across multiple brands, have growing booking and review capabilities, and may create the perception that they offer the lowest prices. Some of these online travel agents and intermediaries have strong marketing budgets and aim to create brand awareness and brand loyalty among customers and may seek to commoditise hotel brands through price and attribute comparison. Further, if these companies continue to gain market share, they could impact the Phoenicia Group's profitability, undermine the Phoenicia Group's own booking channels and customer loyalty and increase commission rates while reducing the Phoenicia Group's ability to negotiate more favourable contractual terms.

The Phoenicia Group requires the right people, skills and capability to manage growth and change

In order to remain competitive, the Phoenicia Group must employ the right people. This includes hiring and retaining highly skilled employees with particular expertise or leadership capability. The implementation of the Phoenicia Group's strategic business plan could be undermined by failure to build a resilient corporate culture, failure to recruit or retain key personnel, the unexpected loss of key senior employees, failures in the Phoenicia Group's succession planning and incentive plans, or a failure to invest in the development of key skills.

Environmental and/or health and safety compliance costs and liabilities may have a material adverse effect on the Phoenicia Group's financial condition and operations

As an owner and operator of the Phoenicia Hotel, PML and PHCL respectively, are subject to a variety of European Union and domestic laws and regulations concerning environmental and, or health and safety matters. The failure to comply with past, present or future environmental and, or health and safety laws and regulations could result in regulatory action, the imposition of fines or third-party claims, which could in turn have a material adverse effect on the Phoenicia Group's results of operations, its financial condition and, or its reputation. In addition, compliance with new environmental and, or health and safety laws and

regulations could require the Phoenicia Group to incur significant expenditure that could have a material adverse effect on the Phoenicia Group's results of operations, financial condition and/or its reputation.

Phoenicia Group companies may become liable for the costs of removal, investigation or remediation of any hazardous, toxic or chemical substances that may be located on or in, or which may have migrated from, the Premises, which costs may be substantial. Phoenicia Group companies may also be required to remove or remediate any hazardous, toxic or chemical substances that they may cause or knowingly permit at any property that they own or may in future own. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the leakage or discharge of certain contaminants into the air, land, water, or the migration of certain materials or substances from any property, including asbestos, and such presence, discharge or migration could form the basis for environmental liability or liability to third parties for personal injury or other damages. These liabilities, if realised, could have a material adverse effect on the Phoenicia Group's business, financial condition and results of operations.

Risks related to the food and beverage sector

The Phoenicia Group's revenues from the food and beverage business and the overall performance of the Group could be vulnerable to a number of risks that have an impact on the food and beverage industry. These include changes in economic market conditions, consumer confidence, consumer spending, increased competition, quality issues, health concerns and changes in the law. Shifts in such aspects could potentially result in a reduction of revenues or an increase in operating costs related to the food and beverage operations.

Risks related to the hotel management and similar agreements

In 2016, PHCL entered into a hotel management agreement with Campbell Gray Hotels Limited ("CGHL"), which will continue in force for an initial period of 15 years from April 2017, and is subject to automatic renewal for one or more periods of one year each annually thereafter, unless either party serves notice of non-renewal on the other not less than 3 months before the start of each renewal period, as further described in Section 4.4.1 of this Registration Document. The termination or non-renewal of PHCL's agreement with CGHL, or the entry into any similar agreements in the future on less favourable terms, could have a negative impact on the Group's business operations and financial results, or its future prospects. Further, there can be no assurance that in the event of non-renewal of the agreement with CGHL, PHCL will be able, within a short period of time, to enter into a management agreement with another global hotel management company of at least the same calibre as CGHL or alternatively to replace such external management expertise with management expertise from within the Phoenicia Group.

2.4.2. RISKS RELATING TO THE PREMISES

Property valuation and net realisable value

Since PML is a property holding company, the Group is exposed to fluctuations in the property and real estate markets. Property investments are subject to varying degrees of risks. Property and real estate values are affected (amongst other things) by changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The capital value of the Premises may also be adversely affected as a result of other factors outside the Phoenicia Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation, planning and the property market in general), political conditions, the conditions of the financial markets, interest and inflation rate fluctuations and higher accounting and control expenses. The value of the Premises may also fluctuate as a result of the operating and financial performance of the Hotel.

PML's, and as a result, the Phoenicia Group's financial profile, could be adversely affected by a decline in terms of capital values, particularly resulting in potential impairments in asset values or lack of re-saleability. The valuation of property and property-related assets is inherently subjective, due to, amongst other things, the individual nature of each property and the assumptions upon which valuations are carried out. Accordingly, there is no assurance that the valuation of the Premises will reflect actual market values that could be achieved upon a sale. Net realisable value may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the relative valuation or anticipated on the basis of historical trends, as reality may not match such assumptions made.

Risks inherent in property valuations

In providing a market value of the Premises, the independent architects engaged by the Issuer for this purpose have made certain assumptions as a result of which actual values may be materially different from any values that may be expressed or implied on the basis of such assumptions or any historical trends or forward-looking statements which may not match reality. There can be no assurance that such valuation of the Premises will reflect actual market values.

Risk of termination of emphyteutical concession

The Premises are held by PHCL under title of perpetual emphyteusis and by PML under title of perpetual sub-emphyteusis. The breach of emphyteutical conditions may have significant consequences at law which may have a material impact on the Phoenicia Group's operations and financial position.

Real estate investments are relatively illiquid

Since the Phoenicia Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the Phoenicia Group's ability to dispose of the Premises in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions.

Risks relating to the on-going refurbishment of the Hotel

As at the date of this Prospectus, the Hotel is undergoing a major refurbishment programme, which is described in detail in Section 4.4.1. The completion of the refurbishment programme of the Hotel is dependent on various external factors and third parties who are tasked with completing the project within the anticipated timeframes and projected costs. Delays, cost overruns or failure to complete the refurbishment project, or any part thereof, may have an adverse impact on the revenue generation, cash flows, and financial performance of the Phoenicia Group. Furthermore, the positive impact of the refurbishment programme on the profitability of the Group is dependent on a number of factors, including market and economic conditions, which may result in fluctuations in occupancy rates and average daily rates at the Phoenicia Hotel.

Risks relating to existing or planned future development or improvement of current or new investments

The Phoenicia Group's ability to implement its business strategies is dependent upon, amongst other things, its ability to generate sufficient funds from its operations and to access external funding at acceptable costs. No assurance can be given that sufficient financing for its current and future investments, via internally generated cash flows, bank financing, capital markets, or other sources, will be available on commercially reasonable terms or within the timeframes required by the Phoenicia Group, also considering the need, from time to time, for the Premises to undergo renovation, refurbishment, or other improvements, including replacements of furniture, fixtures and equipment.

The Phoenicia Group's on-going and, or future development and construction activities (which are described in Section 4.4.1), as well as any capital improvements to be made to and, or on the Premises, may give rise to a number of risks, including the following significant risks:

- **inability to obtain financing on favourable terms or at all for such activities;**
- **requirement to make significant current capital expenditures for the Phoenicia Hotel without receiving revenue therefrom until future periods;**
- **inability to complete development projects on schedule or within budget;**
- **delays in obtaining or refusals of all or any applications for necessary planning permits and other approvals and, or authorisations;**
- **possible structural and environmental issues and, or uncertainties;**
- **construction cost over-runs and/or delays;**
- **disruption in service and room availability causing reduced demand, occupancy and rates;**
- **uncertainties as to market demand or a loss of market demand after construction activities have begun;**
- **ordinary risks of construction that may hinder and, or delay the successful completion of any particular project;**
- **acts of nature, such as earthquakes and floods, that may damage the Premises or delay its development;**
- **disputes with contractors, suppliers, architects, and, or any other consultants regarding, inter alia, claims for payment which are contested by the Phoenicia Group and, or claims by the Phoenicia Group in relation to the timeliness, sufficiency and, or quality of works, services and, or supplies; and**
- **claims by third parties for personal injury owing to design and, or construction defects.**

2.4.3. OTHER RISKS GENERALLY APPLICABLE TO THE PHOENICIA GROUP

The Phoenicia Group may be subject to increases in operating and other expenses

The Phoenicia Group's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which would materially increase operating and other expenses include:

- **increases in the rate of inflation, in particular where the income stream of the Phoenicia Group does not increase correspondingly;**
- **increases in payroll expenses;**
- **increases in interest rates, affecting financing rates;**
- **increases in taxes and other statutory charges;**

- **changes in laws, regulations or government policies;**
- **increases in insurance premia;**
- **unforeseen increases in the costs of maintaining properties; and**
- **unforeseen capital expenditure.**

The Phoenicia Group's indebtedness could adversely affect its financial position

The Phoenicia Group funds and will continue to fund its projects partially through borrowings. The Phoenicia Group has a material amount of debt and may incur additional debt in connection with its future growth. Substantial borrowings under credit facilities are at variable interest rates, which causes the Phoenicia Group to be vulnerable to increases in interest rates. The agreements regulating the Phoenicia Group's external financing impose and are likely to impose significant operating restrictions and financial covenants on the Phoenicia Group companies. These restrictions and covenants could limit the Phoenicia Group companies' ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

A portion of the cash flow generated from the Phoenicia Hotel is utilised to repay the Phoenicia Group's debt obligations pursuant to financial covenants to which the relevant Phoenicia Group company is subject. This gives rise to a reduction in the amount of cash available for distribution to the Issuer which would otherwise be available for funding of the Phoenicia Group's working capital, capital expenditure, development costs, and other general corporate purposes.

The use of borrowings presents the risk that the Phoenicia Group may be unable to service interest payments and principal repayments or comply with other requirements of its facility agreements. A substantial deterioration in operating cash flows and profitability could make it difficult for the Phoenicia Group to service interest payments and principal repayments on its borrowings. Under the Phoenicia Group's current financing arrangements, the Phoenicia Group is at risk of default on the occurrence of certain unexpected events. In such an event, the Phoenicia Group might be forced to sell some of its assets to meet such obligations or seek alternative finance to repay such borrowings. Borrowings may not be able to be refinanced or the terms of any refinancing may be less favourable than the existing terms of borrowing. Any failure to satisfy debt obligations could result in a default under the terms of current and future financing arrangements, thereby having a materially adverse effect on the Phoenicia Group's financial condition.

Currency fluctuations may have a material adverse effect on the Phoenicia Group's business, financial condition and results of operations

Fluctuations in international currencies in relation to the Euro may make Malta a less attractive holiday destination than other countries which ultimately can have an effect on the operating performance of the Phoenicia Group. Unfavourable movements in exchange rates may also result in lower revenues or higher costs for the Group.

The Phoenicia Group's reliance on non-proprietary software systems and third-party information technology providers

To varying degrees, the Phoenicia Group is reliant on technologies and operating systems (including IT systems) developed by third parties for the running of its business and is exposed to the risk of failures of such systems and there can be no assurance that the service or systems will not be disrupted. Disruption to those technologies or systems and, or lack of resilience in operational availability could adversely affect the efficiency of the Phoenicia Group's business, financial condition and, or operating results.

The Phoenicia Group may rely on certain key relations in its normal course of business

During the normal course of its business and in the implementation of its business strategies, including capital projects, the Phoenicia Group engages with a number of counterparties, some of which may be key to the successful operations of the business. Such counterparties could include key suppliers, contractors, sub-contractors, distribution channels, service providers and consultants. Any disruptions to such relations could potentially have a negative impact on the Group's business operations and financial results, or its future prospects.

The Phoenicia Group is exposed to risks related to information security and data privacy

The Phoenicia Group is increasingly dependent upon the availability, integrity and confidentiality of information, including, but not limited to, guest and employee personal data including financial information. The information is sometimes held in different formats such as digital, paper, voice recordings and video, and could be stored in many places, including facilities managed by third-party service providers. The threats towards the Phoenicia Group's information are dynamic, including cyber-attacks, fraudulent use, loss, or misuse.

The legal and regulatory environment around data privacy and requirements set out by the payment-card industry surrounding information security are constantly evolving. Particularly, the Phoenicia Group is subject to Regulation (EU) 2016/679 on the protection of physical persons with regard to the processing of personal data, as well as the free circulation of this data, which came into force on 25 May 2018 ("GDPR"). The GDPR introduced more restrictive and onerous obligations on data controllers and

processors as far as the processing of personal data is concerned. The Phoenicia Group is exposed to the risk that data collected could be damaged or lost, disclosed or processed for purposes other than as permitted in the GDPR. The changes to the Phoenicia Group's procedures and policies could adversely impact the Phoenicia Group's business owing to the increase in its operational and compliance costs. Further, there is a risk that the measures may have not been implemented correctly or that individuals within the business may not be fully compliant with the new procedures. If there are breaches of these measures, the Phoenicia Group could face significant administrative and monetary sanctions as well as reputational damage which may have a material adverse effect on its operations, financial condition and prospects.

Reliance on key senior personnel and management

The Phoenicia Group's growth since inception is, in part, attributable to the efforts and abilities of the members of the executive management team and other key personnel of PML and PCHL. If one or more of the members of this team were unable or unwilling to continue in their present position, they may not be replaceable with equally skilled personnel within the short term, which could have a material adverse effect on the Phoenicia Group's business, financial condition and results of operations.

In common within many businesses, the Phoenicia Group will be relying heavily on the expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Phoenicia Group's business objectives, corporate and management structures so far have been centred around a relatively small team. The expected growth in the scale of the Phoenicia Group's operations could require a shift in management and control structures. The strength of the corporate structures in place, in addition to the ability of management to adapt to such developments could have an impact on Group's business operations and financial results. There is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on the Phoenicia Group's business.

Change of control

The Phoenicia Group, including the Issuer and both the Guarantors, is owned and controlled by Mr Mark D Shaw via Phoenicia Hotel (LUX) S.à r.l. A potential change in ownership or control of the Group may potentially have a negative impact on the Group's business operations and financial results, or its future prospects. New shareholders or a new majority shareholder may be in a position to change the business and financial strategy in way that has a negative impact on the operations, the financial performance or the financial profile of the Group, or in a way that ultimately conflicts with the interest of the Bondholders.

The Phoenicia Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, contractors, service providers, consultants, employees, and regulatory authorities

The Phoenicia Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, contractors, service providers, consultants, employees and regulatory authorities. As stated in Section 9 ("Litigation") of this Registration Document, PML is presently subject to threatened legal proceedings. Unfavourable outcomes of claims and proceedings could have a material adverse effect on the Phoenicia Group's operations, results, cash flow and, or financial position. Exposure to litigation or fines imposed by regulatory authorities may affect the Phoenicia Group's reputation even though the monetary consequences may not be significant.

The Phoenicia Group's insurance policies

Historically, the Phoenicia Group has maintained insurance at levels determined by the Phoenicia Group to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Phoenicia Group operates. With respect to losses for which the Phoenicia Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Phoenicia Group may not be able to recover the full amount from the insurer. No assurance can be given that the Phoenicia Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

Risks relating to changes in laws and regulations

Changes in laws and regulations relevant to the Phoenicia Group's business and operations could have an adverse impact on its business, results of operations, financial condition or prospects.

Limited operating history post major refurbishment

The Hotel is presently undergoing a major refurbishment programme. Whilst the Hotel has a long-established operating history, within the context of its current and potential future scale, the operating history on which it may be evaluated could be considered relatively limited. The risks impacting a recently reorganised business or one with a limited operating history in its current form could have an impact when assessing the ability to meet its obligations in respect of the repayment of the principal and interest payments.

Risks related to forecasts

This Prospectus and the Financial Analysis Summary contain projected financial statements of the Issuer and of the Guarantors. Forecasts are inherently subject to the risk of unexpected events which may affect the operating and financial performance of the Phoenicia Group. These forecasts are dependent on a number of assumptions on future events and conditions, which may not occur as expected and therefore actual results may differ materially from those included in the projected financial information. Such variances may have a material negative effect on the operations and financial results of the Phoenicia Group.

2.5. RISKS RELATING TO THE GUARANTEE

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantors. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantors, they shall rank without any priority or preference over all their unsecured indebtedness, if any. In view of the fact that the Bonds are being guaranteed by the Guarantors on a joint and several basis, the Bondholders shall be entitled to request the Guarantors to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee also entitles the Bondholders to take action against the Guarantors without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantors and therefore, the level of recoverability by the Bondholders from the Guarantors of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantors.

3.
IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND THE GUARANTORS

3.1. DIRECTORS OF THE ISSUER

As at the date of this Registration Document, the Board of Directors of the Issuer is constituted by the following persons:

Mark D. Shaw (British passport: 511285533)	Chairman
Jean Pierre Ellul Castaldi (ID number: 550858M)	Executive Director
Mario P. Galea (ID number: 522554M)	Non-Executive Director
Benjamin Muscat (ID number: 447054M)	Non-Executive Director
Etienne Borg Cardona (ID number: 235562M)	Non-Executive Director

The business address of the Directors is Phoenicia Hotel, The Mall, Floriana, Malta.

Dr. Jennifer Shaw, holder of ID card number 251188M, is the company secretary of the Issuer.

THE DIRECTORS OF THE ISSUER ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

The persons listed under the sub-heading “Advisors” have advised and assisted the Directors in the drafting and compilation of the Prospectus.

3.2. DIRECTORS OF THE GUARANTORS

3.2.1. PML

As at the date of this Registration Document, the board of directors of PML is constituted by the following persons:

Mark D. Shaw (British passport: 511285533)	Chairman
Jean Pierre Ellul Castaldi (ID number: 550858M)	Executive Director

The business address of the directors of PML is Phoenicia Hotel, The Mall, Floriana, Malta.

3.2.2. PHCL

As at the date of this Registration Document, the board of directors of PHCL is constituted by the following persons:

Mark D. Shaw (British passport: 511285533)	Chairman
Jean Pierre Ellul Castaldi (ID number: 550858M)	Executive Director

The business address of the directors of PHCL is Phoenicia Hotel, The Mall, Floriana, Malta.

3.3. ADVISORS

Legal Counsel

Name:	Refalo & Zammit Pace Advocates
Address:	61, St Paul Street, Valletta VLT 1212 - MALTA

Sponsor

Name:	Curmi & Partners Ltd
Address:	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102 - MALTA

Manager & Registrar

Name:	Bank of Valletta p.l.c.
Address:	BOV Centre, Cannon Road, Santa Venera SVR 9030 – MALTA

As at the date of the Prospectus the advisors named under this sub-heading have no beneficial interest in the share capital of the Issuer or the Guarantors. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or Guarantors with any of the advisors referred to above.

3.4. INDEPENDENT AUDITORS

Name:	Ernst & Young Malta Limited
Address:	Regional Business Centre, Achille Ferris Street, Msida MSD 1751 – MALTA

No audited financial statements of the Issuer have been prepared since its incorporation to the date of this Registration Document.

The annual combined financial statements of PML and PHCL as of 31 December 2016 and 31 December 2017, and for the years then ended, have been audited by Ernst & Young Malta Limited, independent auditors, as stated in their reports.

Ernst & Young Malta Limited, with registered office at Regional Business Centre, Achille Ferris Street, Msida MSD 1751, is a limited liability Company registered in Malta with registered number C30252 and is a member firm of Ernst & Young Global Limited.

3.5. INDEPENDENT AUDITORS OF THE GUARANTORS

3.5.1. PML

The annual statutory financial statements of PML as of 31 December 2016 and 31 December 2017, and for the years then ended, have been audited by Ernst & Young Malta Limited, independent auditors, as stated in their reports.

Ernst & Young Malta Limited with registered office at Regional Business Centre, Achille Ferris Street, Msida MSD 1751, is a limited liability Company registered in Malta with registered number C30252 and is a member firm of Ernst & Young Global Limited.

3.5.2. PHCL

The annual statutory financial statements of PHCL as of 31 December 2016 and 31 December 2017, and for the years then ended, have been audited by Ernst & Young LLC, independent auditors, as stated in their reports.

Ernst & Young LLC, with registered office at G1 Building, 5 George Square, Glasgow G2 IDY, United Kingdom, is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

4. INFORMATION ABOUT THE ISSUER, THE GUARANTORS AND THE PHOENICIA GROUP

4.1. INTRODUCTION

4.1.1. THE ISSUER

Full Legal and Commercial Name of the Issuer:	Phoenicia Finance Company p.l.c.
Registered Address:	The Phoenicia Hotel, The Mall, Floriana, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 88958
Date of Registration:	23 October 2018
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Number:	+356 2122 5241
Fax:	+356 2122 4296
Email:	investor.relations@phoeniciamalta.com
Website:	www.phoeniciafinance.com

The Issuer was established on 23 October 2018 as a wholly-owned Subsidiary of PML. The Issuer, which was set up to act as a finance company, has as at the date hereof an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up. The shares in the Issuer are subscribed to and held as indicated in Section 10 of this Registration Document.

The principal object of the Issuer is to carry on the business of a finance company in connection with the ownership, development, operation, and financing of hotels, resorts, leisure facilities, tourism related activities as may from time to time be ancillary or complimentary to the forgoing whether in Malta or overseas. The issue of bonds falls within the objects of the Issuer.

The Issuer's intended purpose is to raise finance for the business of the Phoenicia Group which is carried out through 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.

The Issuer has entered into a loan agreement dated 15 November 2018 with PML (the "Inter-Company Loan Agreement") pursuant to which the Issuer agreed to advance to PML the amount of €24,550,000 (the "Inter-Company Loan") from the net proceeds of the Bond Issue. In terms of the Inter-Company Loan Agreement, interest on the principal amount of the loan is payable for the interest period ending on 15 December annually in advance on 30 November of the same year at the rate of 4.76% per annum. The terms and conditions of the Inter-Company Loan are set out in the Inter-Company Loan Agreement which is available for inspection as indicated in Section 14 below.

4.1.2. PML

Full Legal and Commercial Name of PML:	Phoenicia Malta Limited
Registered Address:	The Phoenicia Hotel, The Mall, Floriana, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 41576

Date of Registration:	8 June 2007
Legal Form:	PML is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone Number:	+356 2122 5241
Fax:	+356 2122 4296
Email:	investor.relations@phoeniciamalta.com
Website:	https://www.campbellgrayhotels.com/the-phoenicia-malta/

PML was established on 8 June 2007 as a private limited liability company. It changed its name from *'Cuffe (Malta) Limited"* to *'Phoenicia Malta Limited"* on 28 September 2018. PML principally acts as the property holding company of the Phoenicia Group, which holds the Premises over which the Phoenicia Hotel is built under title of perpetual sub-emphyteusis as further detailed in Section 11 ("Material Contracts"). In terms of its memorandum of association, PML is empowered to secure and guarantee any debt, liability, or obligation of any third party.

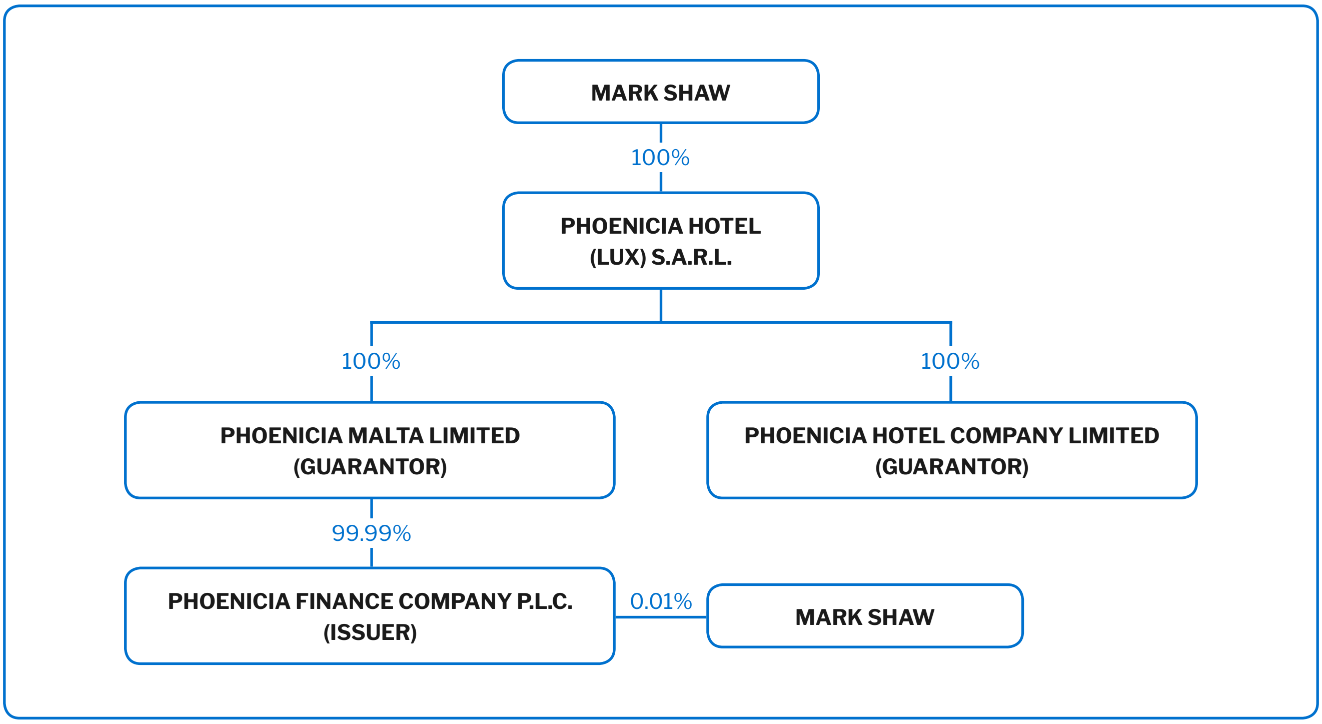
4.1.3. PHCL

Full Legal and Commercial Name of PHCL:	Phoenicia Hotel Company Limited
Registered Address:	Eversheds House 70, Great Bridgewater Street, Manchester M1 5ES, United Kingdom
Registered Address of Malta Branch:	The Phoenicia Hotel, The Mall, Floriana, Malta
Place of Registration and Domicile:	United Kingdom
Registration Number of Malta Branch:	OC1 (UK Registration Number: 00305858)
Date of Registration as an oversea company in Malta:	21 April 1965
Legal Form:	PHCL is lawfully existing and registered as a private limited liability company in terms of the UK Companies Act 2006
Telephone Number:	+356 2122 5241
Fax:	+356 2122 4296
Email:	investor.relations@phoeniciamalta.com
Website:	https://www.campbellgrayhotels.com/the-phoenicia-malta/

PHCL was established as a private limited company in the United Kingdom on 10 October 1935 and is operated through a branch which was registered in Malta as an oversea company on 21 April 1965, with registration number OC 1. PHCL changed its name from *'Malta Hotels Company Limited"* to *'Phoenicia Hotel Company Limited"* on 31 December 1978. The principal activity of PHCL is the operation of the Phoenicia Hotel. As further detailed in Section 4.4.1 hereunder, PHCL leases the Premises from PML by virtue of a lease agreement dated 05 January 2018. In terms of its memorandum of association, PHCL is empowered to secure and guarantee any debt, liability, or obligation of any third party.

4.2. ORGANISATIONAL STRUCTURE OF THE PHOENICIA GROUP

The diagram below illustrates the structure of the Phoenicia Group and its ultimate ownership and the position within the said group of the Issuer and the Guarantors:



As stated above, the Issuer is a special purpose vehicle set up to act as a financing company for the Phoenicia Group and, it is therefore dependent on the business prospects and operating results of the Guarantors, namely PML and PHCL.

4.3. IMPORTANT EVENTS IN THE DEVELOPMENT OF THE PHOENICIA GROUP'S BUSINESS

The following table sets out highlights of the Phoenicia Group's historical milestones:

YEAR	EVENT
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 oversea company in Malta.
1966	Ms Agnes Graham transferred the sub-emphyteusis over the Premises to Holtours Limited.
1997	The Phoenicia Hotel was renamed "Le Méridien Phoenicia".
2007	PML (previously known as 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 PHL.
2016	The Phoenicia Hotel was closed for refurbishment in November 2015 up to April 2017.
2017	The Phoenicia Hotel was re-opened for business on 15 April 2017.

4.4. BUSINESS OVERVIEW OF THE PHOENICIA GROUP

4.4.1. PRINCIPAL ACTIVITIES

The business of the Phoenicia Group relates to the ownership, management and operation of the iconic five-star Phoenicia Hotel.

Overview of the Phoenicia Hotel

The Phoenicia Hotel consists of 136 newly refurbished elegant guest rooms, including 8 luxurious suites. The Hotel comprises a wide range of facilities, including three restaurants, two bars, an outdoor heated pool, six meeting/conference rooms and event rooms, a ballroom, a hairdressing salon, and seven-and-a-half-acres of landscaped gardens.

Over the course of the years, the Phoenicia Hotel has undergone numerous enhancement programmes, most recently the extensive restoration and refurbishment project, which commenced in 2016 and is presently in the process of being completed with an estimated investment of circa €29.4 million. The refurbishment project comprises a complete refurbishment of all guest bedrooms and hotel corridors, and replacement of all guest bathrooms, the construction of a new outdoor heated swimming pool, pool deck, and pool building, the restoration of the façade of the Phoenicia Hotel, the addition of balconies to the fourth floor rooms, the soft refurbishing of all public areas on the ground floor, the refurbishment of the grand ballroom, and the replacement of most of the mechanical, electrical, air-conditioning and ventilation infrastructure with new, efficient, and environmentally friendly plant and equipment.

As at the date of this Registration Document, some parts of the refurbishment project are still ongoing, including the building of a new gymnasium, indoor swimming pool and spa facilities completion of which is envisaged to occur in 2019.

Operation of the Phoenicia Hotel

PHCL leases the Premises from PML by virtue of a lease agreement dated 05 January 2018 (the "Lease Agreement"). The Lease Agreement is for a period of one year from 01 January 2018, renewable for a further period/s of one year each up to a maximum period of 15 years in the aggregate. In terms of the Lease Agreement, PHCL currently pays an annual rent of €2,500,000 (excluding VAT) to PML, revisable every three years in accordance with its terms, which rent is due in equal monthly instalments in advance. The Lease Agreement may be terminated by PML in the event that PHCL is in default of any of its material obligations thereunder, including the payment of any one monthly instalment of rent within 30 days from its due date, and fails to remedy such default within 30 days from receipt of a judicial letter to that effect. The Lease Agreement may be terminated by PML on the following grounds, without prejudice to the right of PML to pursue any right or remedy available to it at law, namely if:

- PHCL fails to pay any instalment of rent when it falls due, remains in default for a period of 30 days, and fails to remedy such default within 30 days from notification of a judicial letter to that effect;
- PHCL assigns, sub-leases, transfers, or makes over the lease (other than by way of a management agreement in favour of a hotel operator);
- PHCL breaches any one of the terms and conditions of the Lease Agreement and remains in default for a period of 30 days from notification of a judicial letter specifying the breach claimed to have taken place and requiring PHCL to rectify the breach;
- PHCL is unable to pay its debts as they fall due, or an order is made or an effective resolution is passed or any similar proceedings are taken for the winding up of PHCL, or any proceedings are taken for a declaration of insolvency in relation to PHCL.

The Lease Agreement may also be terminated by PHCL by giving three months' notice to PML to that effect prior to the expiry of its original term or of any renewed term thereafter.

Accommodation/lodging

The primary source of income of the Phoenicia Hotel is accommodation, with room revenue accounting for circa 68% of total revenue during 2017.

The Phoenicia Hotel has re-opened for business in April 2017.

The Hotel's customer base comprises a mixture of leisure and business guests. Reservations are generated through various channels, including online bookings made on the Hotel official website, global distribution systems, and online travel agents. During the financial year ended 2017, the Hotel achieved a revenue per available room ("RevPAR") of €157 and an occupancy rate of 74%, despite the part-closure of the Hotel from January to mid-April of the same year. In addition, during the financial year ended 2018, the Hotel has already achieved higher room rates, occupancy rates and growth rates than those achieved in the previous year.

In addition, during the period January to July 2018, the Hotel achieved a RevPAR of €178.12 and an occupancy rate of 77% which exceed both comparable metrics for 2017. The directors of PHCL anticipate that the RevPAR and occupancy levels for 2018 will reach €184.53 and 78.7% respectively on the basis of latest management budgets.

Food and beverage operations

Sales of food and beverage are an important revenue stream for the Group, accounting for approximately 18.8% of the Group's total revenues in the year ended 31 December 2017. A large part of this revenue comes from food and beverages sales to conference guests and banqueting. In addition, food and beverage revenues also stem from operations of the restaurants and bars situated within the Hotel, as well as room service.

Conferencing and banqueting

The Phoenicia Hotel's extensive and unique conference rooms and landscaped gardens allow for all types of events, from small meetings to large conferences, weddings and banquets.

Since its re-opening, the Hotel has been a popular venue for weddings, with various location options situated around the Hotel property, including the pool area, the grand ballroom, and the garden, as well as the possibility of hosting banquet style weddings located in one of the Hotel's six event rooms. Further, the Hotel has notably been a popular venue for meetings and corporate events, particularly owing to its well-appointed conference rooms and extensive facilities.

Accordingly, conference and banqueting events have accounted for approximately 11.5% of the Group's revenue in 2017.

Strong distribution networks and memberships

On 14 June 2016, PHCL entered into a hotel management agreement in respect of the Phoenicia Hotel with Campbell Gray Hotel Limited ("CGHL") in terms of which CGHL agreed to assist PHCL in the refurbishment, extension and repositioning of the Phoenicia Hotel, and to operate, market, manage and supervise the Phoenicia Hotel after its re-opening (the "Hotel Management Agreement"). The Hotel Management Agreement was entered into for an initial period of fifteen (15) years from the re-opening of the Premises on 15 April 2017, and is subject to automatic renewal for one or more periods of one year each annually thereafter, unless either party serves notice of non-renewal on the other not less than 3 months before the start of each renewal period. The Hotel Management Agreement includes provisions whereby PHCL may terminate the agreement in the event of CGHL failing to meet certain performance criteria in accordance with the terms and conditions thereof. Furthermore, either party may terminate the Hotel Management Agreement in the event of a default by the other party under the terms and conditions of the said agreement. As further set out in Section 5.1.6, the Group's relationship with CGHL provides the Phoenicia Hotel with access to CGHL's large-scale reservation and distribution system, which allows the Group to benefit from CGHL's extensive operating experience and marketing opportunities.

On 01 December 2015, PHCL entered into a hotel membership agreement ("Hotel Membership Agreement") with LHW Services GmbH ("LHWS") whereby the Phoenicia Hotel became a member of "The Leading Hotels of the World". By virtue of the Hotel Membership Agreement, LHWS provides PHCL with a number of services and a non-exclusive sub-licence to use the trademarks of LHWS in connection with the services provided. The Hotel Membership Agreement was entered into for a period expiring on 30 November 2020 and is subject to automatic renewal for one or more periods of five years each thereafter, unless either party serves notice of non-renewal on the other at least 6 months before the end of its initial term or any renewal term. Furthermore, LHWS may terminate the Hotel Management Agreement in the event of a default by PHCL under the terms and conditions of the said agreement. The Phoenicia Hotel's membership in "The Leading Hotels of the World" reinforces the Phoenicia Hotel's position in the luxury accommodation segment on an international level. The Phoenicia Hotel also has 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.

4.4.2. PRINCIPAL MARKETS

The Phoenicia Group operates exclusively in and from Malta.

4.4.3. PRINCIPAL INVESTMENTS

With the exception of any capital costs required up to the completion of the Hotel's refurbishment, the Phoenicia Group has not entered into or made firm commitments towards any principal investments subsequent to 31 December 2017, being the date of the latest audited financial statements of each of the Guarantors.

4.4.4. BUSINESS DEVELOPMENT STRATEGY

The Phoenicia Group's primary objective is to retain its current position as a leading luxury five-star hotel in the local hospitality sector. The Phoenicia Hotel's management team aims to achieve the above objective through the implementation of business strategies for growth, which seek to leverage the Group's existing strengths by:

- maintaining and strengthening its operational efficiency;
- improving occupancy and average room rates;
- driving top line growth;
- continuing to target niche markets in Malta and overseas; and
- continuing to identify itself as a leading, prestigious hotel in Malta.

5. TREND INFORMATION AND FINANCIAL REVIEW

5.1. TREND INFORMATION

5.1.1. MALTA TOURISM INDUSTRY

According to the World Travel and Tourism Council ("WTTC") – Economic Impact 2018 for Malta, Malta's tourism industry is estimated to contribute c. 15% of GDP in 2018, and is expected to reach c. 17% of GDP by 2028. According to WTTC, travel and tourism investment in Malta amounted to €255.7 million in 2017, equivalent to 11.2% of the total investment in the Maltese islands. This is expected to grow by 4.4% in 2018, and by c. 4.8% per annum over the next ten years to €426.4 million in 2028.

5.1.2. INBOUND TOURISM

According to the Malta Tourism Authority's Statistical Report 2018, inbound tourism in Malta has experienced year-on-year records, reaching 2.3 million guests in 2017 and with c. 86.1% of all inbound visitors coming from EU Member States. The majority of tourists (c. 85.2%) visit Malta for leisure purposes, whilst the remaining visitors are evenly split between those visiting for business and other purposes, such as education, religion, or health.

Total tourism expenditure between 2013 and 2017 is estimated by the Malta Tourism Authority at c. €800-€900 per visitor. Although the percentage of tourists visiting for leisure as opposed to business purposes remained stable over the past 10-year period, business tourism spending has experienced an increase, indicating a higher spend by business tourists.

5.1.3. MALTA'S FIVE-STAR HOTEL MARKET

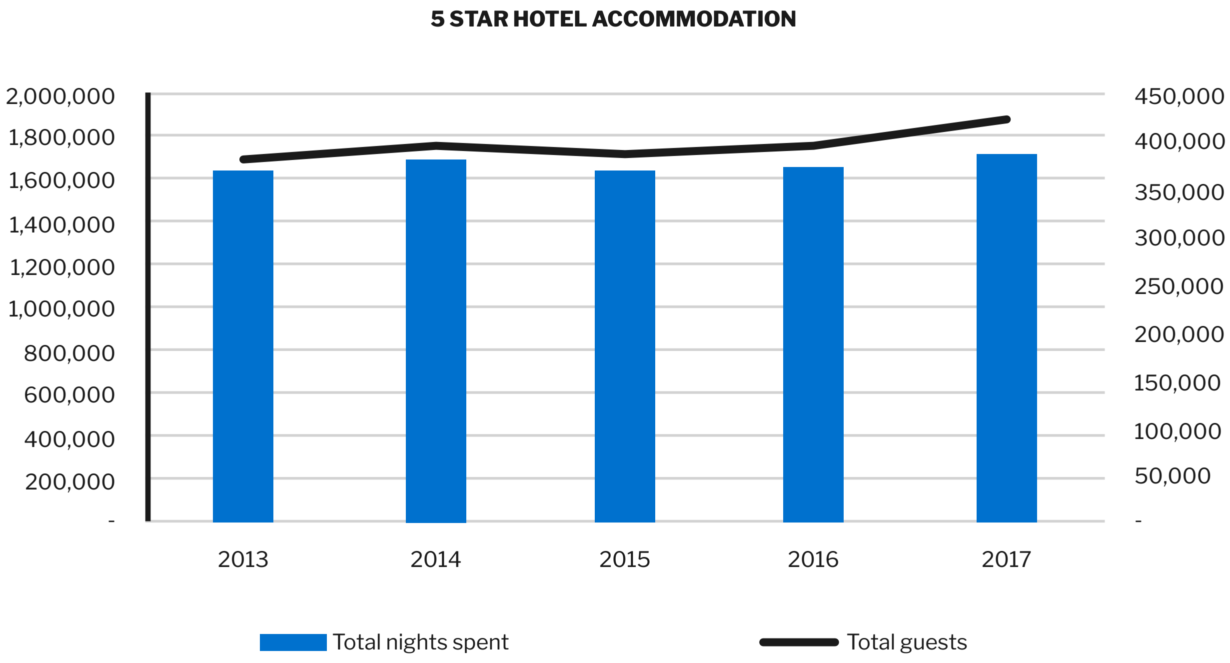
According to the National Statistics Office's "Collective Accommodation Establishments 2017" release, there are currently 15 five-star hotels spread around Malta and Gozo, with a total of c. 7,000 beds.

The industry experienced year-on-year increases in the number of total tourists opting to stay at five-star hotels over the past ten years, and these reached c. 421,000 visitors in 2017 (2007: c. 286,000), representing c. 18.5% of total inbound tourists for the year.

INBOUND TOURISM METRICS: 2017

	5* HOTEL	TOTAL TOURIST ACCOMMODATION
Units	15	3,298
Beds	7,284	52,080
Guests	421,514	1,829,534
Nights	1,727,733	9,581,785
Average occupancy rate	69%	65%

NSO: Collective Accommodation Establishments: NR033/2018



National Statistics Office: Collective Accommodation Establishments: 2013-2017

5.1.4. THE ISSUER

The Issuer was registered and incorporated on 23 October 2018 and as such has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements. The Issuer is dependent on the business prospects of the Guarantors and, therefore, the trend information relating to the Guarantors has a material effect on its financial position and prospects.

5.1.5. PML

There has been no material adverse change in the prospects of PML since the date of its last published audited financial statements.

The ongoing performance of the Hotel and relative food and beverage business is expected to grow further in the coming years. Further, it is also anticipated that the development of the spa and health club will be completed in the first quarter of 2019, which will improve the overall facilities of the Phoenicia Hotel for both guests and visitors.

PML holds the perpetual sub-emphyteusis of the Premises, upon which the Hotel is situated. The Hotel is leased by PML to PHCL pursuant to the Lease Agreement described in Section 4.4.1 above, and revenue is generated through rental income arising from the lease of the Hotel. The contracted level of rental income has been based on the assessment of the directors of PML on current market rates.

The Premises on which the Hotel is built supports further growth potential in terms of room capacity. PML has permits in hand for the further development of 42 rooms in the area of the Premises known as St. John's Ditch.

5.1.6. PHCL

There has been no material adverse change in the prospects of PHCL since the date of its last published audited financial statements.

As described in Section 4.4.1 above, PHCL manages and operates the Phoenicia Hotel by virtue of the Lease Agreement. Further, PHCL has entered into a Hotel Management Agreement with CGHL in respect of the Hotel. The Phoenicia Hotel is a leading hotel in Malta, which has outperformed the Maltese five-star hotel industry in terms of RevPAR, occupancy levels and average room rates over the last ten years. [1]

PHCL registered total revenue of €6.8m in the financial year ended 31 December 2017 ("FY17A"), on the basis of less than nine months of operations during FY17A. The Hotel achieved a higher RevPAR of €157 in FY17A compared to its historical performance driven by a higher average room rate.

The Phoenicia Hotel is situated right at the entrance of Malta's capital city, Valletta, a UNESCO World Heritage Site and the European City of Culture for 2018. Valletta hosts the Island's retail, commercial and financial hubs. The city has several building restrictions emanating from the Development Control Design Policy, Guidance and Standards issued by the Planning Authority. In addition, Valletta is classified as an urban conservation area and is subject to various building restrictions due to its status as a UNESCO World Heritage Site.

Apart from development restrictions, there are limited identifiable sites within or on the outskirts of Valletta which enjoy the same footprint as the Phoenicia Hotel and which may be converted easily into a hospitality establishment, which underscores the prime location of the Phoenicia Hotel.

5.2. FINANCIAL REVIEW

5.2.1. THE ISSUER

The Issuer was registered and incorporated on 23 October 2018 as a special purpose vehicle to act as a finance company for the Guarantors and the Phoenicia Group. The Issuer has, to date, not conducted any business, and has no trading record. Accordingly, there were no significant changes to the financial or trading position of the Issuer since incorporation to the date of this Registration Document.

5.2.2. COMBINED FINANCIAL INFORMATION FOR PML AND PHCL

The Group does not have a statutory requirement to prepare consolidated financial statements. This notwithstanding, management prepared combined financial statements for the financial years ended 31 December 2016 and 2017 as general purpose financial statements under International Financial Reporting Standards ("IFRS") and applied all consolidation procedures under IFRS. The Forecasted Combined Financial information was prepared on the basis of management forecasts for each of the issuer, PML and PHCL standalone, taking into account applicable consolidation adjustments.

5.2.3. BASIS FOR PROFIT FORECASTS/ESTIMATES

PHCL management prepared a budget for the financial year ending 31 December 2018 ("FY18B") based on partly achieved results in the course of the year to July 2018, together with estimates related to the remainder of the period up to December 2018. PHCL management periodically prepares rolling budgets based on a "bottom up" approach which incorporate backward looking trends and assumptions, adjusted in line with pipeline visibility for room reservations, expected market conditions and seasonality.

The FY18B figures have also been used as a basis for the preparation of a forecast for the financial year ending 31 December 2019 ("FY19F") which similarly takes into account the current reservations pipeline to the extent possible, as well as other seasonal and market driven movements which are being anticipated by PHCL management. The FY19F projections also assume the completion of the spa and health club which is expected to result in improved performance on ancillary related services of the Hotel.

Both FY18B and FY19F have been prepared on a combined basis in line with the historical combined financial information for the financial years ending 31 December 2015 ("FY15A") to FY17A for both PML and PHCL.

The combined financial information for FY15A to FY17A have been based on the audited historical results of both PML and PHCL. The annual combined financial statements of PML and PHCL (the "Reporting entity") as of 31 December 2016 and for 31 December 2017, and for the years then ended, have been audited by Ernst & Young Malta Limited, independent auditors.

Reference is made to the qualified opinion in the Independent Auditor's report of Ernst & Young Malta Limited ("EY") in respect of the combined financial statements of PML and PHCL as at 31 December 2016 and 31 December 2017, and for the years then ended. The basis for the foregoing qualified opinion set out in the Independent Auditor's report 2016 and 2017 is reproduced below in its entirety:

1 Industry metrics for the 5-star hotel industry obtained from the annual MHRA hospitality surveys between 2007 and 2017.

“2017

As disclosed in note 3.1, the accounting policy of the Reporting entity is to carry its Land and buildings within Property, plant and equipment at the revalued amount with changes recognized in other comprehensive income for the period. As at 31 December 2016, the Reporting entity was undergoing a development project and the carrying value of its Land and buildings was not re-assessed using valuation techniques provided in IFRS 13 Fair Value Measurement which caused us to qualify our auditor's opinion on the combined financial statements for the year ended 31 December 2016.

As detailed in note 9, the Directors re-assessed the revalued amount of the Land and buildings as at 31 December 2017 based on independent architect valuation resulting in an increase in the revalued amount of EUR45m recognized in other comprehensive income for 2017. Since the opening value of the Land and buildings, affects the determination of the effect of the changes in the revalued amount and depreciation for the year we were unable to determine whether adjustments to the reported changes in revalued amount and depreciation for 2017 as well as to the opening retained earnings, revaluation reserve and Land and building as of 1 January 2017 might be necessary.

2016

As disclosed in note 3.1, the accounting policy of the Reporting entity is to carry its Land and buildings within Property, plant and equipment at the revalued amount with changes recognized in other comprehensive income for the year. As at 31 December 2015 and 2016, the Reporting entity was undergoing a development project and the carrying value of its Land and Buildings was not re-assessed using valuation techniques provided in IFRS 13 Fair Value Measurement.

As detailed in note 9, the Directors had resolved to re-assess the revalued amount upon completion of this development and accordingly, we were unable to determine whether adjustments to the revalued amount, changes thereof and depreciation for 2016 as well as to the opening retained earnings, revaluation reserve, and Land and buildings as of 1 January 2016 might be necessary.”

The key assumptions used in the preparation of the combined financial information for FY18B and FY19F include the following:

FORECAST ITEM	FY18B	FY19F	RISK ASSUMPTIONS
Revenue per available room (“RevPAR”)	PHCL Management expects RevPAR to increase by 17.6% between FY17A and FY18B as a result of market trends in the Maltese hospitality sector, and full room capacity with the Hotel being operational throughout FY18B resulting in overall improved performance over FY17A.	An increase in RevPAR of 12.5% is estimated between FY18B and FY19F, partly driven by the anticipated impact of the spa on operations, and further growth in average room rate (“ARR”).	While RevPAR growth is partly dependent on the decisions and control of PHCL management over the ARR, occupancy levels, which directly affect RevPAR are largely market driven and outside the control of PHCL.
Occupancy rates	PHCL management expects occupancy levels to increase from 74% in FY17A to 79% in FY18B.	PHCL management expects occupancy levels to increase from 79% in FY18B to 82% in FY19F.	Occupancy levels are deemed to be largely market driven and outside of PHCL's direct control.
Direct labour	Estimated to increase by c. €542,000 in FY18B over FY17A mainly as a result of headcount increases in both the room and catering divisions.	An increase of c. €332,500 is assumed in FY19F over FY18B due to additional full-time equivalent employees in the room division.	PHCL management considers labour expenses to be semi-fixed in nature, and being partly controllable in terms of headcount changes. Average labour costs are considered to be partly influenced by the broader labour market in Malta.
General cost inflation	The overheads for FY18B have been estimated on the basis of FY17A figures, adjusted for a full year operation, and allowing for cost inflation.	A 2% increase in key overheads[2] is estimated in FY19F over FY18B to account for ongoing cost inflationary pressures.	Cost inflation is largely considered non-controllable by PHCL.

2 Including administrative and general expenses, sales and marketing payroll, sales and marketing expenses, property maintenance, and insurance expenses. LHW contributions, energy expenses and management service fees have been projected on the basis of contractual requirements, and specific cost increase assumptions driven by the level of business activity

FORECAST ITEM	FY18B	FY19F	RISK ASSUMPTIONS
Property valuation	No further property revaluation movements have been assumed up to FY18B, and the overall property value is deemed to remain in line, subject to depreciation charges, as per FY17A.	No further property revaluation movements have been assumed up to FY19F, and the overall property value is deemed to remain in line, subject to depreciation charges, as per FY17A.	The market value of the property is deemed to be largely outside of the control of PHCL.
Additional development	Further development on the spa and health club is contemplated in FY18B. No further room capacity is assumed in FY18B.	While the surrounding site potentially allows further room capacity expansion (besides the ditch development mentioned above), the figures as at FY19F do not contemplate any additional room capacity over current figures. The spa completion is assumed to be operational in the first quarter of FY19F.	Further room capacity development can be considered partly within PHCL control subject to permitting processes, which are exogenous factors.
Debtor days	Management does not grant formal credit terms, and invoices are due upon receipt. In view of this, Management assumed 16 debtor days to allow for receipt and payment of invoices.	Management does not grant formal credit terms, and invoices are due upon receipt. In view of this, Management assumed 16 debtor days to allow for receipt and payment of invoices.	Credit terms are considered within the control of PHCL. However, debtor days are deemed to be largely outside of the control of PHCL.
Creditor days	Management assumed an average of 93 creditor days.	Management assumed 87 creditor days.	Credit terms granted by the suppliers are largely out of the control of PHCL. However, creditor days are deemed to be within PHCL's control.

5.2.4. REVIEW OF SELECTED FINANCIAL INFORMATION

The combined statement of comprehensive income of the Guarantors for FY17A indicates an EBITDA of €0.9m, reflecting the achieved performance based on the Hotel's re-opening in April 2017 with partial room capacity. Nonetheless, the Hotel achieved a RevPAR of €157 in FY17A which represented the highest revenue per available room in the Hotel's history up to 31 December 2017.

Room revenue accounted for 68% of total revenues in FY17A which in turn resulted in a gross contribution of 72%, compared to an overall contribution margin of 48% for all operations.

Operating expenses include administrative costs, sales and marketing, property maintenance and energy related expenses for the year. On the other hand, other fixed charges mainly relate to insurance and management service fees payable to CGHL.

Other comprehensive income in FY17A was largely impacted by the Hotel's revaluation which resulted in an increase in the revalued amount of €45m less a €6.5m deferred tax adjustment on the corresponding increase in the revalued amount.

In FY18B, the Hotel's revenue increased by €6.5m on account of the Hotel operating at full room availability, as well as improved RevPAR and occupancy levels compared to FY17A. This resulted in an improvement in the EBITDA margin to 37.3% in FY18B compared to 13.6% in FY17A. It is also noted that a one-off break free of €3,315,836 payable to Teramy is included in the figures for FY18B. The Hotel's profit before tax prior to the break fee is €0.8m.

PHCL management's figures for FY19F include the forecast performance with the spa and health club & health club service offering. FY19F revenue is expected to increase by €2m as a result of the spa operations, together with further increases in RevPAR and anticipated occupancy rates during the year. The EBITDA margin in FY19F is expected to increase to 39.2%.

The combined forecasted financial information for FY18B and FY19F includes information regarding the estimated future impact of transactions and events that are expected to occur. Actual results may differ materially from the forecast because events and circumstances frequently do not occur as expected.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

CURRENCY: € 000	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY17A	UNAUDITED FY18B	UNAUDITED FY19F
Revenue	6,777	13,245	15,214
Cost of sales	(3,516)	(5,204)	(5,945)
Gross contribution	**3,261**	**8,041**	**9,269**
Operating expenses	(2,001)	(2,542)	(2,713)
Gross operating profit	**1,260**	**5,499**	**6,556**
Other fixed charges	(341)	(552)	(586)
EBITDA	**919**	**4,947**	**5,970**
Depreciation	(1,545)	(2,486)	(2,635)
Interest payable	(1,458)	(5,019)	(1,725)
(Loss) / Profit before tax	**(2,084)**	**(2,558)**	**1,610**
Taxation	2,203	(160)	(748)
Profit / (Loss) after tax	**119**	**(2,718)**	**862**
OTHER COMPREHENSIVE INCOME:			
Revaluation of property, plant and equipment	38,418	-	-
Total comprehensive income for the year	**38,537**	**(2,718)**	**862**

As noted earlier, the combined balance sheet of the Guarantors was largely impacted in FY17A due to the property revaluation which resulted in an increase in the revalued amount of property, plant and equipment, and a corresponding movement in the underlying revaluation reserve.

The Hotel is largely cash intensive with limited scope for customer credit balances. In view of this, the Hotel operated a negative trade working capital position excluding cash. Trade and other payables of €8.6m as at Dec17A also included capital related payables of €2.4m as a that date.

Total borrowings include the Teramy Secured Loan, the Teramy Unsecured Loan (as defined respectively in Sections 11.4 and 11.5 of this Registration Document), and the Hotel's bank facility, with a combined balance of €38.7m including accrued interest as at Dec17A.

The combined balance sheet for Dec18B reflects the Bond Issue, together with related refinancing activities contemplated as part of the Bond Issue. The gearing ratio [3] in FY18B is 59% compared to 52% as at Dec17A and 58% as at Dec19F.

The key assumptions used in the preparation of the Dec18B and Dec19F balance sheets are broadly in line with the historical trends observed by PHCL management.

3 Gearing ratio is computed as total debt (including borrowings, bond proceeds and bank overdrafts) as a percentage of total debt and equity.

COMBINED STATEMENTS OF FINANCIAL POSITION

CURRENCY: € 000	DERIVED FROM AUDITED FINANCIAL STATEMENTS DEC17A	UNAUDITED DEC18B	UNAUDITED DEC19F
ASSETS			
Non-current assets			
Property, plant and equipment	86,726	89,703	87,525
Deferred tax asset	2,203	2,147	1,502
Other receivables	50	-	-
Total non-current assets	**88,979**	**91,850**	**89,027**
Current assets			
Inventories	210	178	204
Trade and other receivables	735	781	896
Cash and short-term deposits	10	2,358	3,269
Total current assets	**955**	**3,317**	**4,369**
TOTAL ASSETS	**89,934**	**95,167**	**93,396**
EQUITY AND LIABILITIES			
Equity			
Issued capital	13	13	13
Deferred shares	839	839	839
Revaluation reserve	34,584	34,627	34,671
Retained earnings	438	(2,222)	(1,300)
Total equity	**35,874**	**33,257**	**34,223**
Non-current liabilities			
Borrowings	36,923	21,870	20,108
10 year 4.15% Bond issue 2018-2028	-	24,550	24,595
Deferred tax liability	6,534	6,432	6,329
Total non-current liabilities	**43,457**	**52,852**	**51,032**
Current liabilities			
Borrowings	1,780	1,706	1,710
Trade and other payables	8,611	7,352	6,431
Bank overdraft	212	-	-
Total current liabilities	**10,603**	**9,058**	**8,141**
Total liabilities	**54,060**	**61,910**	**59,173**
TOTAL EQUITY AND LIABILITIES	**89,934**	**95,167**	**93,396**

The Hotel's closure in 2016 led to a significant decrease in cash and cash equivalents as at Dec17A, which was utilised to cover necessary expenses during the year of refurbishment.

Cash from operating activities were largely driven by the reopening of the Hotel in FY17A, together with increases in the trade and other payables.

The Hotel also incurred cash outflows of €6.2m in FY17A in relation to the refurbishment which were partly financed through additional net facilities of €5.7m.

The cash flows for FY18B reflect the various bond related movements including the refinancing of senior and secured facilities with BOV and Teramy, respectively. PHCL management expects that the Hotel will generate positive operating cash in both FY18B and FY19F, resulting in improving cash balances as at period end.

COMBINED STATEMENTS OF CASH FLOW

CURRENCY: € 000	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY17A	UNAUDITED FY18B	UNAUDITED FY19F
Profit before taxation	**(2,084)**	**(2,558)**	**1,610**
Adjustments:			
Depreciation	1,552	2,486	2,635
Interest expense	1,458	1,703	1,725
Teramy break fee	-	3,316	-
Working capital changes	1,127	453	379
Cash from operating activities	**2,053**	**5,400**	**6,349**
Taxation	(1)	-	(104)
Net cash from operating activities	**2,052**	**5,400**	**6,245**
Investing activities			
Purchase of property, plant and equipment	(6,156)	(5,540)	(1,918)
Net cash used in investing activities	**(6,156)**	**(5,540)**	**(1,918)**
Financing activities			
Proceeds from long-term borrowings	5,714	4,000	-
Proceeds from bond issue	-	25,000	-
Repayment of debt obligations	(10)	(19,583)	(1,721)
Interest paid	(1,103)	(2,951)	(1,695)
Repayment of Teramy break fee	-	(3,316)	-
Bond issue expenses	-	(450)	-
Net cash from / (used) in financing activities	**4,601**	**2,700**	**(3,416)**
Net cash flows for the period	**497**	**2,560**	**911**
Cash at beginning of period	(699)	(202)	2,358
Cash at end of period	**(202)**	**2,358**	**3,269**

6. BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

6.1. THE ISSUER

6.1.1. THE BOARD OF DIRECTORS OF THE ISSUER

The Issuer is currently managed by a board of five Directors entrusted with the overall direction and management of the Issuer. The Board currently consists of two Executive Directors and three Non-Executive Directors. The Board is entrusted with the overall direction and strategy of the Issuer. Its responsibilities include the oversight of the Issuer's internal control procedures and financial performance, and the review of the Issuer's business risks, thus ensuring such risks are adequately identified, evaluated, managed, and minimised. All the Directors have access to independent professional advice at the expense of the Issuer, should they so require. The business address of each Director is the registered office of the Issuer.

The Directors believe that the present organisational structure is adequate for the current activities of the Issuer. The Directors will maintain this structure under continuous review to ensure that it meets changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

Hereunder is a brief *curriculum vitae* of each of the current Directors of the Issuer:

Mark David Shaw

Mr. Mark D. Shaw, through his shareholding in PHL, acquired PML and PHCL on 01 July 2013. Mr. Shaw has been the driving force behind the refurbishment of the Phoenicia Hotel and has overseen its recent redevelopment and will continue to be fully involved in future phases of the development process of the Hotel. Mr Shaw is an entrepreneur and property developer with extensive experience in development, particularly within the leisure sector in Europe. Mr Shaw is the Chief Executive Officer of Hazledene Group Limited, a development company incorporated in 1998 and based in Edinburgh, which develops commercial and residential properties. The Hazledene Group has a number of residential development sites under its ownership and management, with its most recent venture being the creation of a new town situated at Stratton, Inverness, Scotland, involving the construction of 750 residential units at initial phase, having infrastructure of circa €8 million under construction. At completion stage, it is envisaged that the development will have in excess of 1,500 houses, retail, leisure, school and public health facilities. Mr Shaw became the Chief Executive of Recreaction SRL, following his acquisition thereof in 2012, which company owned and operated The Pragelato Village Resort in the Italian Alps. In 2013, the resort was redeveloped and then leased for 15 years to a French listed company and is now Club Med's premier Alpine Village. Following its redevelopment, Mr Shaw sold the resort to HSBC Assurance. Further, Mr Shaw is the sole ultimate owner of The Park Inn by Radisson, located in Aberdeen, Scotland, which opened in 2010 as a 185-bed hotel. The hotel was constructed and completed together with adjoining offices which presently locate two major oil services companies' global headquarters. Mr Shaw is also a director of two Spanish companies that recently purchased over 300 hectares of land near Murcia, for the execution of a large leisure and residential development, which commenced in September 2018. Mr Shaw was also the Chief Executive of Urbicus Limited which managed the purchase and realisation of over €750 million of distressed banking assets in the UK, during the period 2011 to 2018. Urbicus' subsidiary Castle Capital lends development finance to third party developers, and has recently funded two successful hotel developments in Glasgow, Scotland, as well as other commercial projects. Prior to his property development career, Mr Shaw was a professional racing driver, in various categories. He has raced for TWR Arrows F1's Junior Team in British Formula 3, as well as the International and Italian Formula 3000, amongst others. Mr Shaw continues to race historic Formula Junior in the FIA Lurani championship, and has won several races in recent years in both Europe and the USA. Mr Shaw is also a member of the First Minister of Scotland's Sustainable Growth Commission.

Jean Pierre Ellul Castaldi

Mr. Ellul Castaldi has been instrumental in the development of the Phoenicia Hotel over the years. Mr Ellul Castaldi joined the Phoenicia Group in 1978 and became the Deputy Financial Controller thereof in 1985. In 1990, Mr Ellul Castaldi formed part of the Forte Hotels Group pre-opening management team for the Grand Hotel Palazzo della Fonte in Italy and was subsequently promoted to Hotel Financial Controller in 1992. Mr Ellul Castaldi had the role of acting Financial Controller at the Forte Hotel Eden in Rome in 1993, during the hotel's refurbishment and pre-opening period. Following his time in Italy, Mr Ellul Castaldi returned to Malta in 1994 as Director of Finance for Forte Hotels Malta which comprised, inter alia, the Phoenicia Hotel. During the period 1994 until 2003, Mr Ellul Castaldi was involved in various international projects relating to the development of the 'Le Méridien' brand, including projects located in Dubai, Hungary, London, and Paris. During the years 2003 to 2007, Mr Ellul Castaldi was the Malta Area Finance Director for Le Méridien Hotels, and formed part of the management team thereof. Since 2007, Mr Ellul Castaldi has been a director of each PML and PHCL and is the Director of Finance for the Phoenicia Hotel. Mr Ellul Castaldi is an associate member of the Hospitality Finance, Revenue and IT Professionals, and a member of the Malta Institute of Management.

Mario P. Galea

Mr. Mario P. Galea is a certified public accountant and auditor holding a warrant to practice both as an accountant and an auditor, currently practising as a consultant providing oversight and advisory services to businesses and corporations. Mr Galea serves on the board of directors of various companies in the financial and commercial sectors, including regulated companies, namely BNF Bank p.l.c (C 41030), GlobalCapital Life Insurance Limited (C 29086), GlobalCapital Health Insurance Agency Limited (C 6393) and Reed Insurance Limited (C 38345). Mr Galea also sits on the board of directors of a number of listed companies in Malta, namely Mediterranean Investments Holding p.l.c (C 37513), Corinthia Finance p.l.c. (C 25104) Santumas Shareholdings p.l.c. (C 35) and Exalco Finance p.l.c. (C 87384) Mr Galea was founder, managing partner and chairman of Ernst & Young in Malta for more than ten years and saw the successful introduction and growth of the local firm into a recognised and respected presence in the market. Amongst a number of other appointments, he served as president of the Malta Institute of Accountants, chairman of the Malta Resources Authority, and sat on various professional committees in Malta and abroad, such as the Council of the Federation des Experts-Comptables Européens (FEE) in Brussels. Mr Galea continues to form part of the Ethics and Regulatory committees of the Malta Institute of Accountants and the Accountancy Board, the accountancy professional regulator in Malta. Mr Galea has also lectured in auditing, assurance and professional and business ethics, led several training courses and spoke at various business and professional conferences in Malta and abroad.

Benjamin Muscat

Mr. Benjamin Muscat is a Certified Public Accountant by profession (Fellow of the Association of Chartered and Certified Accountants – FCCA) with a long career in finance and management at senior executive positions. He has worked in various industry sectors, including switchgear manufacturing, food production, beer and soft drink brewing and production and bottling, international fast food franchising, hospitality and timeshare, construction and real estate development, including marketing and selling luxury condominiums. In his capacity as Chief Executive Officer of MIDI plc, a Maltese listed company, Mr Muscat was key in the development of the Tigne' Point Project. Mr Muscat was also instrumental in the promotion of the re- generation of part of Malta's historical Grand Harbour, including the development of a cruise ship porting facility locally known as the Valletta Waterfront project. He also has extensive experience in raising project specific funding via banking facilities, third party investment, private placements, and issue of equity and debt instruments through retail offers subsequently listed on the Malta Stock Exchange. Mr Muscat is a founder council member of the Junior Achievement (Young Enterprise) Malta Foundation (JA-YE Malta), the local affiliate of an international voluntary and non-profit organisation which seeks to inspire and equip young people to learn and succeed through enterprise. Today Mr Muscat provides professional services as a freelance consultant and independent directorship services.

Etienne Borg Cardona

Mr. Etienne Borg Cardona is a certified public accountant and auditor by profession and holds a practicing warrant. He initially gained experience in the banking sector and in accountancy and audit practice, followed by a thirty-year career in leadership positions in the private sector. In this role he was active on corporate boards and board committees responsible for governance, investment portfolio management, mergers and acquisitions, joint ventures and projects. Currently he is the founding partner of Capital Advisory Limited, an independent consulting firm, and advises on corporate finance and financial management, business optimisation and company turnarounds, and corporate governance. Mr. Borg Cardona sits on the boards of a number of local and international companies in a non-executive capacity. Further, he serves on the board of directors of various companies in the financial and commercial sectors, including regulated and listed companies, namely Gasan Finance plc (C 16435), Main Street Complex plc (C 34767), APS Funds SICAV plc (SV 78), and Calamatta Cuschieri Finance plc (C 85280). Mr. Borg Cardona is an elected council member of the Malta Institute of Accountants, and a member of the Malta Chamber of Commerce, Enterprise and Industry's SME and Family Business Committee. A Fellow of the Chartered Association of Certified Accountants and the Malta Institute of Accountants, he holds a Masters' degree in Financial Services from the University of Malta and is currently reading a PhD in Leadership and Management at Cranfield Business School, Cranfield University, UK, specialising in corporate strategic leadership. He currently lectures at the University of Malta in the departments of accountancy, management and public policy within the Faculty of Economics, Management and Accountancy. He also lectures mature students on the history of finance, commerce and money in modern economies at the University of Malta's Centre for Liberal Arts and Sciences, and is a visiting lecturer at Cranfield Business School, Cranfield University, UK.

6.1.2. EMPLOYEES

As at the date of this Prospectus, the Issuer has no employees and is, therefore, reliant on the resources which are made available to it by other Group entities. As at 31 December 2017, the average number of persons employed by the Group amounted to 137 employees (2016: 77 employees).

6.2. PML

6.2.1. THE BOARD OF DIRECTORS OF PML

PML is managed by a board of directors, consisting of two directors, that is entrusted with responsibility for the direction and management of PML within the strategic parameters established by the board. The business address of each director of PML is the registered office of PML.

As at the date of this Registration Document, Mr. Mark D. Shaw and Mr. Jean Pierre Ellul Castaldi are the directors of PML. The *curriculum vitae* of each of the directors is included in Section 6.1.1 above.

6.3. PHCL

6.3.1. THE BOARD OF DIRECTORS OF PHCL

PHCL is managed by a board of directors, consisting of two directors, that is entrusted with the responsibility of the direction and management of PHCL within the strategic parameters established by the board. The business address of each director of PHCL is the registered office of PHCL.

As at the date of this Registration Document, Mr. Mark D. Shaw and Mr. Jean Pierre Ellul Castaldi are the directors of PHCL. The *curriculum vitae* of each of the directors is included in Section 6.1.1 above.

6.4. PHOENICIA GROUP MANAGEMENT STRUCTURE

6.4.1. GENERAL

The day-to-day management of the Phoenicia Group is entrusted to an executive management team (the "Executive Management Team"), which has extensive experience in the hotel sector and general commercial practice. The Executive Management Team comprises Mr Jean Pierre Ellul Castaldi and the other members of the senior management team listed in Section 6.4.2 below.

6.4.2. OTHER SENIOR MANAGEMENT

Charles Azzopardi	Phoenicia Hotel General Manager
Thomas Agius Ferrante	Phoenicia Hotel Manager

A brief *curriculum vitae* of Mr Charles Azzopardi and Mr Thomas Agius Ferrante is provided hereunder:

Mr Charles Azzopardi

Mr Azzopardi joined the Phoenicia Group in 1994, where he initially assumed the role of director of sales and marketing. Mr Azzopardi obtained a bachelors degree in Business Management in 1983, and over the years has held various management positions in the hospitality industry in Malta. Mr Azzopardi was appointed as the Hotel's General Manager in 2008, with overall responsibility for the operations of the Hotel.

Mr Thomas Agius Ferrante

Mr Agius Ferrante joined the Phoenicia Group in 2016 as the Hotel Manager. In 2007, Mr Agius Ferrante obtained a diploma in Hospitality Management from the Institute of Tourism Studies in Malta, and since then has held numerous management positions in the hotel and catering industries, both in Malta and overseas. During his time in London, Mr Agius Ferrante held managerial roles at two luxury five-star hotels, being promoted to Food and Beverage Operations Manager at one of the said hotels, where he was responsible for overseeing the strategic management of the food and beverage division. In 2011, Mr Agius Ferrante was the winner of the prestigious "HR in Hospitality Award for Leadership", awarded by HR in Hospitality (a UK Association for human resources professionals and other interested parties within the hospitality industry).

6.5. CONFLICTS OF INTEREST

As at the date of this Registration Document, in addition to being a director of the Issuer, Mr Mark D. Shaw is also a director of the Guarantors and PHL. Furthermore, Mr Mark D. Shaw is the controlling ultimate beneficial owner of the Phoenicia Group.

Mr Jean Pierre Ellul Castaldi is also a director of the Guarantors.

In view of the above, such directors are susceptible to conflicts between the potentially diverging interests of the Issuer and the Guarantors, as the case may be, in transactions entered into, or proposed to be entered into, between them. The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the Directors are handled in the best interest of the Issuer and according to law. The fact that the Audit Committee is constituted in its majority by independent, non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

Additionally, the Audit Committee has been granted express powers to be given access to the financial position of the Issuer, the Guarantors, and all other entities comprising the Phoenicia Group on a periodic basis. In this regard, the Issuer, the Guarantors, and all other entities comprising the Phoenicia Group are to submit to the Audit Committee bi-annual accounts, as well as at least quarterly comparisons of actuals against projections.

To the extent known or potentially known to the Issuer and Guarantors as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors of the Issuer, and/or the directors of the Guarantors, as the case may be, and their respective private interests and/or their other duties, which require disclosure in terms of the Regulation.

No private interests or duties unrelated to the Issuer have been disclosed by the members of the Executive Management Team which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer.

6.6. DECLARATION

None of the Directors or any of the members of the Executive Management Team have been:

a. convicted in relation to fraud or fraudulent conduct;
b. made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
c. the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
d. disqualified by a court from acting as director or manager.

7.
BOARD PRACTICES

7.1. COMPLIANCE WITH THE CORPORATE GOVERANCE REGIME

7.1.1. THE ISSUER

Prior to the present Bond Issue, the Issuer was not regulated by the Listing Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code"). As a consequence of the Bond Issue and pursuant to the terms of the Listing Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature, and operations of the Issuer.

The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

In view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, detail the level of the Issuer's compliance with the principles of the Code, explaining the reasons for non-compliance, if any.

As at the date of this Registration Document, the Board considers the Issuer to be in compliance with the Code, save for the following exceptions:

Principle 8

The Board considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committees. Given that the Issuer does not have any employees or officers, other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board are determined by the shareholders of the Issuer in accordance with the Issuer's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

7.1.2. THE GUARANTORS

Since the Guarantors are not public limited companies having securities listed on a regulated market, they are not bound by the provisions of the Code. Notwithstanding, the Audit Committee of the Issuer has been specifically tasked with ensuring that the rules regarding related party transactions carried out with each of the Guarantors are adhered to at all times, as set out in Section 6.5 above.

7.2. AUDIT COMMITTEE

The terms of reference of the Audit Committee of the Issuer consist of *inter alia* its support to the Board in its responsibilities in dealing with issues of risk, control, and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role, and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least four times a year, is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change the Audit Committee's terms of reference from time to time.

Succinctly, the Audit Committee is expected to deal with and advise the Board on:

a. its monitoring responsibility over the financial reporting processes, financial policies, and internal control structures;
b. maintaining communications on such matters between the Board, management, and the independent auditors;
c. facilitating the independence of the external audit process and addressing issues arising from the audit process; and
d. preserving the company's assets by understanding the company's risk environment and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transactions to be entered into by the Issuer and a related party, given the role and position of the Issuer within the Group, to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.

All the Directors sitting on the Audit Committee are non-executive. The Audit Committee is presently composed of:

Mario P. Galea	Chairman
Benjamin Muscat	Member
Mark D. Shaw	Member

Mario P. Galea and Benjamin Muscat are independent of the Issuer and the Group. The Audit Committee is chaired by Mario P. Galea. In compliance with the Listing Rules, Mario P. Galea is the independent, non-executive Director who is competent in accounting and/or auditing matters. In his capacity as Chairman of the Audit Committee, Mario P. Galea holds meetings with the executive Directors as necessary to review the Issuer's accounts and operations. The Issuer considers that the members of the Audit Committee have the necessary experience, independence, and standing to hold office as members thereof.

8. HISTORICAL FINANCIAL INFORMATION

8.1. HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

As indicated in Section 5.2.1 of this Registration Document, there is no historical financial information pertaining to the Issuer.

8.2. HISTORICAL FINANCIAL INFORMATION OF THE GUARANTORS

PML – Audited financial statements

PML acts as the property holding company of the Phoenicia Group, and holds the Premises by title of sub-emphyteusis.

During FY17A, PML generated revenue of €1.75m and operating profit of €1.74m. Its revenue is generated from rental income from the lease of the Premises to PHCL. There are no third party revenues and all revenue is derived from related parties (principally PHCL). The increase in rental income during FY17A was a result of the lease renewal, which took place during in FY17A as a result of the partial completion of the Hotel's refurbishment, and re-opening for business.

Administrative expenses amounted to c. €14k during FY17A, and these mainly related to the auditor's remuneration, legal and professional fees. The decrease noted from FY16A is due to a decrease in legal and professional fees.

In FY16A, PML recorded a loan waiver of €4m which was granted by Teramy to support the Hotel in meeting its financial covenant requirements with BOV as part of the financing process of the Hotel's refurbishment.

The Issuer commissioned DeMicoli & Associates Architects to undertake a property valuation on the investment property held by PML, in order to revise the fair value as at 31 December 2017. The fair value determined on the basis of this independent valuation was €92m as at 31 December 2017, which also includes the estimated value of the underlying plant and equipment used in the ongoing operation of the Phoenicia Hotel, and which are utilised in the generation of income and the estimated costs to complete the development. The fair value increase attributable to the investment property in the books of PML amounted to €41.1m, resulting in a profit for the year of €34.9m.

PML - STATEMENTS OF COMPREHENSIVE INCOME

CURRENCY: € 000	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY16A	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY17A
Revenue	1,250	1,750
Administrative expenses	(19)	(14)
Operating profit	**1,231**	**1,736**
Waiver of loan	4,000	-
Increase in fair value of investment property	-	41,118
Finance costs	(1,100)	(1,412)
Profit before Tax	**4,131**	**41,442**
Income tax expense	-	(6,534)
Profit for the year	**4,131**	**34,908**

Total Assets as at 31 December 2017 amounted to €82.6m, which mainly related to the revalued investment property carried at €81.7m. The remaining €0.9m mainly related to receivables from related parties (€0.4m) and accrued income (€0.5m) in relation to rental income which had not been billed to related parties at the end of the year. Receivables from related parties are unsecured and interest-free and are payable on demand.
Total equity as at 31 December 2017 amounted to €35.6m, which consisted of the property revaluation reserve and retained earnings.

Interest-bearing loans and borrowings as at 31 December 2017 consisted of a secured loan facility from Teramy (subordinated to BOV) and four other senior facilities with BOV plc in respect of the hotel refurbishment and project development, amounting to €38.3m as at 31 December 2017.

Interest-bearing loans and borrowings as at 31 December 2017 consisted of a secured and unsecured loan facilities from Teramy (as described in Sections 11.4 and 11.5 of this Registration Document) and bank facilities with Bank of Valletta plc in respect of the hotel refurbishment and project development, amounting to €38.3m as at 31 December 2017.

PML - STATEMENTS OF FINANCIAL POSITION

CURRENCY: € 000	**DERIVED FROM AUDITED FINANCIAL STATEMENTS DEC16A**	**DERIVED FROM AUDITED FINANCIAL STATEMENTS DEC17A**
ASSETS		
Non-current assets		
Investment property	35,393	81,669
Other receivables	50	50
Total non-current assets	**35,443**	**81,719**
Current assets		
Trade and other receivables	-	927
Cash and short-term deposits	2	2
Total Current Assets	**2**	**929**
TOTAL ASSETS	**35,445**	**82,648**
EQUITY AND LIABILITIES		
Equity		
Issued capital	5	5
Other Reserves	-	34,584
Retained earnings	681	1,005
Total equity	**686**	**35,594**
Non-current liabilities		
Interest-bearing loans and borrowings	31,458	36,622
Deferred Tax liability	-	6,534
Total non-current liabilities	**31,458**	**43,156**
Current liabilities		
Interest-bearing loans and borrowings	657	1,719
Trade and other payables	2,644	2,179
Total current liabilities	**3,301**	**3,898**
Total liabilities	**34,759**	**47,054**
TOTAL EQUITY AND LIABILITIES	**35,445**	**82,648**

During FY17A PML generated €1.2m in cash from its operating activities. PML had a cash equivalent balance of €2k as at 31 December 2017.

PML - STATEMENTS OF CASH FLOW

CURRENCY: € 000	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY16A	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY17A
Profit before tax	4,131	41,442
Adjustments:		
Waiver of loan payable	(4,000)	-
Finance costs	1,100	1,412
Increase in fair value of immovable property	-	(41,118)
Working capital adjustments:		
Increase/(decrease) in trade and other payables	(378)	14
Increase in trade and other receivables	-	(500)
Income tax paid	(1)	(1)
Net cash flows generated from operating activities	**852**	**1,249**
Investing activities		
Purchase of investment property	(13,905)	(5,000)
Advances from related party	-	(1,156)
Net cash flows used in investing activities	**(13,905)**	**(6,156)**
Financing activities		
Proceeds from bank loan	19,432	5,714
Repayment of other loans	(4,414)	-
Advances (to)/from related party	(1,279)	250
Interest paid	(686)	(1,057)
Net cash flows generated from/(used in) financing activities	**13,053**	**4,907**
Net movement in cash and cash equivalents	**(0)**	**(0)**
Cash and cash equivalents at 1 January	2	2
Cash and cash equivalents at 31 December	**2**	**2**

PHCL – Audited financial statements

PHCL leases the Premises from PML, and operates it as the Phoenicia Hotel. During the Hotel's closure, all full-time staff were retained on PHCL's payroll, and therefore staff costs continued to be incurred, as reflected in the financial information presented below.

Total revenue includes revenues from rooms, catering revenue and other ancillary revenue. PHCL generated €6.8m in total revenue during FY17A as a result of less than nine months' worth of operations during FY17A. During FY16A, the Hotel placed its existing reservations into other Hotels due to its closure, registering €348k revenue on net surplus over rebooked rates. During FY17A, the Phoenicia Hotel generated revenue per available room of €157.

Room revenue is the largest revenue segment of the Phoenicia Hotel, which accounted for c. 68% of total revenue in FY17A.

Cost of sales mainly relates to direct labour and direct expenses related to the running of the Phoenicia Hotel. Direct labour relates to the salaries of hotel room and food and beverage departments. Direct expenses relate to room and catering expenses, excluding labour costs. These costs include commissions on reservations, guest amenities, laundry, and food and beverage cost of sales.

Other indirect costs relate to administrative and selling and marketing expenses and mainly entail staff costs, the property lease on the Phoenicia Hotel, depreciation, utilities, and other expenses.

The total cost base of the Hotel (including direct costs), have increased during FY17A as a result of an increase in the number of staff, an increase in the rent of the Hotel, an increase in the management service fees, as well as a general increase in the costs of the Hotel as a direct result of the re-opening of the Phoenicia Hotel. In addition, given that the Hotel signed a management agreement with CGHL (as defined in Section 4.4.1 of this Registration Document) during FY16A, the Hotel experienced a general one-time increase in its expenses as a direct result of the increase in the standard of guest amenities provided following the re-opening of the Hotel, in order to align with the LHWS standard and to support higher ARRs.

PHCL returned to profitable levels during FY17A, after registering a loss during FY16A, as a direct result of the Hotel closure.

PHCL - STATEMENTS OF COMPREHENSIVE INCOME

CURRENCY: € 000	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY16A	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY17A
Revenue	348	6,777
Cost of sales	(3,224)	(6,607)
Gross Loss/Profit	**(2,876)**	**170**
Administrative expenses	(848)	(1,248)
Selling and marketing expenses	(369)	(466)
Operating (loss)/profit	**(4,093)**	**(1,544)**
Finance costs	(29)	(46)
(Loss)/ Profit before tax	**(4,122)**	**(1,590)**
Income tax (expense)/income	-	2,203
(Loss)/ Profit after tax	**(4,122)**	**613**

Total assets as at 31 December 2017 amounted to c. €8.2m, and mainly related to property, plant and equipment (€5.1m) and a deferred tax asset (€2.2m). The increases noted in non-current assets during FY17A relate to additions in plant and machinery of c. €3.8m mainly consisting of plant, machinery and equipment, crockery, utensils and linen and assets under construction. The significant increase in property, plant and equipment to €5.1m in FY17A is mainly due to additions in plant and machinery by €3.8m during FY17A. During FY17A, PHCL recognised a deferred tax asset in relation to unutilised tax losses, and capital allowances in excess of depreciation.

Total equity as at 31 December 2017 amounted to €0.3m after registering negative equity as at 31 December 2016. This was largely a result of a decrease in the negative retained earnings of the business following the Hotel closure.

Total liabilities as at 31 December 2017 amounted to €7.9m, mainly due to an increase in trade and other payables. Trade and other payables include amounts due to related parties of €0.4m (FY16A: nil), which are unsecured and interest free. These amounts are repayable on demand. In addition, trade and other payables also includes accruals of €0.5m (FY16A: nil) relating to the rent expense which was not billed by related parties at the end of the year.

PHCL - STATEMENTS OF FINANCIAL POSITION

CURRENCY: € 000	DERIVED FROM AUDITED FINANCIAL STATEMENTS DEC16A	DERIVED FROM AUDITED FINANCIAL STATEMENTS DEC17A
ASSETS		
Non-current assets		
Property, plant and equipment	1,909	5,057
Deferred tax asset	-	2,203
Total non-current assets	**1,909**	**7,260**
Current assets		
Inventories	63	210
Trade and other receivables	831	735
Cash and cash equivalents	2	8
Total current assets	**896**	**953**
TOTAL ASSETS	**2,805**	**8,213**
EQUITY AND LIABILITIES		
Equity		
Issued capital	8	8
Deferred shares	839	839
Retained earnings	(1,180)	(567)
Total equity	**(333)**	**280**
Non-current liabilities		
Interest-bearing loans and borrowings	311	301
Current liabilities		
Trade and other payables	2,065	7,359
Interest-bearing loans and borrowings	60	61
Bank overdraft	702	212
Total current liabilities	**2,827**	**7,632**
Total liabilities	**3,138**	**7,933**
TOTAL EQUITY AND LIABILITIES	**2,805**	**8,213**

PHCL utilised its bank overdraft facilities during FY17A, when it closed off with a bank overdraft of €0.2m (negative cash and cash equivalents). This was largely a result of additional investment in plant and machinery during FY17A, as well as a higher bank overdraft at the beginning of the year. Overall, PHCL generated €0.5m in cash and cash equivalents during the year, mainly from positive operating and financing cash flows.

PHCL - STATEMENTS OF CASH FLOW

CURRENCY: € 000	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY16A	DERIVED FROM AUDITED FINANCIAL STATEMENTS FY17A
(Loss) / profit before tax	(4,122)	(1,590)
Adjustments:		
Depreciation of property, plant and equipment	276	733
Amortisation of deferred income	(6)	(6)
Interest expense	29	46
Working capital adjustments:		
(Increase)/Decrease in trade and other receivables	14	(383)
(Increase)/Decrease in inventory	8	(147)
Increase in trade and other payables	669	2,149
	(3,132)	**802**
Interest paid	(25)	(46)
Net cash generate/(used in) from operating activities	**(3,157)**	**756**
Investing activities		
Purchase of property, plant and equipment	(334)	(1,156)
Advances from/(to) from related party	1,279	(250)
Net cash generated from/ (used in) investing activities	**945**	**(1,406)**
Financing activities		
Repayment of borrowings	(55)	(10)
Advances from related party	-	1,156
Net cash used in financing activities	**(55)**	**1,146**
Net increase/(decrease) in cash and cash equivalents	**(2,267)**	**496**
Cash and cash equivalents at 1 January	1,567	(700)
Cash and cash equivalents at 31 December	**(700)**	**(204)**

The historical financial information relating to PML and PHCL for the two years ended 31 December 2016 and 31 December 2017 have been extracted or derived from the annual statutory audited financial statements audited by Ernst & Young Malta Limited and Ernst & Young LLP, independent auditors, respectively, which are available for inspection as set out in Section 14 below. This Section 8.2 should be read along with the other information provided in the annual statutory financial statements and notes thereto.

8.2.1. INDEPENDENT AUDITOR'S REPORT DATED 28 JUNE 2017

Reference is made to the qualified opinion in the independent auditor's report of EY dated 28 June 2017 in respect of PML's financial statements for the year ended 31 December 2016 (the "Independent Auditor's Report 2017").

The basis for the foregoing qualified opinion set out in the Independent Auditor's Report 2017 is reproduced hereunder in its entirety:

"Basis for Qualified Opinion

As at 31 December 2016, the company was undergoing a development project on its Investment Property. As detailed in note 8, the Directors did not update the investment property valuation as at the year end and will update the valuation upon completion of this development. We have not been provided with sufficient evidence of the investment property's fair value".

8.2.2. INDEPENDENT AUDITOR'S REPORT DATED 12 SEPTEMBER 2018

Reference is made to the qualified opinion in the independent auditor's report of EY dated 12 September 2018 in respect of PML's financial statements for the year ended 31 December 2017 (the "Independent Auditor's Report 2018").

The basis for the foregoing qualified opinion set out in the Independent Auditor's Report 2018 is reproduced hereunder in its entirety:

"Basis for Qualified Opinion

As disclosed in note 3.3 the accounting policy of the Company is to carry its investment properties at fair value with changes in fair value being recognized in the Statement of comprehensive income for the period. As at 31 December 2016, the Company was undergoing a development project and the carrying value of its investment property was not re-assessed using valuation techniques provided for in IFRS 13 Fair Value Measurement, which caused us to qualify our auditor's opinion on the financial statements for the year ended 31 December 2016. As detailed in note 8, the Directors re-assessed the fair value of the investment property as at 31 December 2017 based on an independent architect valuation, resulting in the recognition of a fair value gain of EUR41 million in the Statement of comprehensive income for 2017. Since the opening value of the investment property affects the determination of the changes in fair value for the period, we were unable to determine whether adjustments to the reported amounts of fair value gain and profit for the year 2017, as well as to the opening retained earnings and investment property as of 1 January 2017, might be necessary".

8.2.3. FINANCIAL OR TRADING POSITION SINCE 31 DECEMBER 2017

There have been no significant changes to the financial or trading position of the Guarantors since the end of the financial period to which the last audited financial statements relate.

Furthermore, the Issuer and the Guarantors hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

9. LITIGATION

Save as stated hereunder, there have been no governmental, legal, or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Guarantors are aware) during a period covering 12 months prior to the date of the Prospectus which may have, or have had, significant effects on the financial position or profitability of the Issuer and/or the Guarantors.

There is currently no litigation pending against the Guarantors. However, the following judicial letters were filed against PML (previously Cuffe (Malta) Limited) and PHCL respectively:

a. On 16 October 2017 Mr. Richard Wall of 7, Chemin de Belliere, Vaud 1808, Switzerland, filed a judicial letter before the First Hall Civil Court of Malta against PML. In such letter it was alleged that Mr. Patrick Kelly of 52 Morehampton Road, Dublin, 2, Ireland (who previously held a 16.67% indirect shareholding interest in PML until its acquisition by PHL in 2013) was a creditor of PML in the sum of €332,566 and purported to give notice that he had acquired the said debt by assignment from Mr. Kelly. PML contested Mr. Wall's claims as unfounded at law and in fact and replied to the aforementioned letter by judicial letter on 11 December 2017 rebutting Mr. Wall's allegations in full and denying any liability to Mr. Wall.

b. On 02 April 2018 Architecture Project ("AP") and Architecture Project Limited ("APL"), filed a judicial letter before the First Hall Civil Court against PHCL. In such letter AP and APL claimed payment of €733,295 for additional services rendered to PHCL under the agreement for the provision of consultancy services dated 23 November 2015. PHCL contested AP's and APL's claim as unfounded at law and in fact and replied to the aforementioned letter by judicial letter on the 16 April 2018, rebutting AP's and APL's allegations in full and claiming payment of damages suffered by PHCL as a result of the delays and additional expense caused by them through their negligence and lack of care in the execution of the services provided by them to PHCL.

There is disagreement between PHCL and Vassallo Builders Limited ("VBL") regarding certain differences between applications for payment made by VBL and amounts that have been certified as due by the engineer under the Works Contract referred to in Section 11.3 below. The process for the submission of applications for payment by VBL to the engineer for certification of amounts due in terms of the Works Contract is presently on-going. PHCL's assessment of costs in respect of the works under the Works Contract is based on the assessment of a professional cost consultancy firm engaged by PHCL since inception of the project. In addition, there is also disagreement regarding claims made by PHCL against VBL relating, principally, to the execution of certain works under the Works Contract. No litigation or arbitration proceedings have been instituted but correspondence has been exchanged and the parties are in discussion on these matters. In the event that the parties are unable to reach an agreement on all or any of these matters, such outstanding matter or matters may eventually be referred to a dispute adjudication board and, or arbitration in terms of the Works Contract.

10.
ADDITIONAL INFORMATION

10.1. MAJOR SHAREHOLDERS AND THE SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Issuer is €250,000 divided into 250,000 Ordinary Shares of a nominal value of €1.00 each. The issued share capital of the Issuer is €250,000 divided into 250,000 Ordinary Shares of a nominal value of €1.00 each, being 100 per cent paid up and subscribed for, allotted and taken up by PML, other than one share which is subscribed for, allotted and taken up by Mr Mark D. Shaw.

As at the date of this Registration Document, the shares in PML and PHCL are each wholly owned by PHL, which in turn is beneficially owned by Mr Mark D. Shaw. Accordingly, as set out in Section 10.2.2 below, since the Directors of the Issuer are appointed by means of an ordinary resolution in general meeting, PML has the power to appoint the Directors of the Issuer.

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued under those conditions decided by extraordinary resolution of the shareholders in general meeting.

There are no classes of shares and each ordinary share confers the right to one vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects. The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

It is not expected that the Issuer will issue any shares during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code to ensure that the relationship of the Issuer with the rest of the Phoenicia Group and/or with the ultimate shareholders, are retained at arm's length, including, in respect of the Issuer, adherence to rules on related party transactions set out in Chapter 5 of the Listing Rules requiring the vetting and approval of any related party transaction by the Audit Committee, which is constituted in its totality by non-executive Directors, a majority of whom are independent of the Issuer. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of three independent, non-executive Directors, effectively minimises the possibility of any abuse of control by any major shareholder. With particular reference to the relationship between the Issuer and the ultimate shareholders, the Memorandum and Articles of Association of the Issuer require any Director of the Issuer who in any way, whether directly or indirectly, has an interest in a contract, arrangement, transaction or proposal with the Issuer, to declare the nature of his interest to the Board of Directors of the Issuer. Furthermore, said Director shall not be permitted to vote at that meeting in respect of any contract, arrangement, transaction or any other proposal in which he has, either directly or indirectly, a personal material interest.

10.2. MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

10.2.1. OBJECTS

The principal object of the Issuer is to carry on the business of a finance company in connection with the ownership, development, operation, and financing of hotels, resorts, leisure facilities, tourism related activities as may from time to time be ancillary or complimentary to the forgoing whether in Malta or overseas.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in Section 14 below.

10.2.2. APPOINTMENT OF DIRECTORS

In terms of the Memorandum and Articles of Association of the Issuer, the Directors shall be appointed by means of an ordinary resolution of the shareholders in general meeting. An election of Directors shall take place every year at the Company's annual general meeting. At each annual general meeting of the Company, all the Directors shall retire from office. A retiring Director shall be eligible for re-election or re-appointment. A Director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act.

10.2.3. POWERS OF THE DIRECTORS

The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue, and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association they may transact all business of whatever nature of the Issuer not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest. The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

10.3. MAJOR SHAREHOLDERS AND SHARE CAPITAL OF THE GUARANTORS

10.3.1. SHARE CAPITAL OF PML

The authorised share capital of PML is €10,000 divided into 9,999 ordinary A shares of a nominal value of €1.00 each and one ordinary B share of a nominal value of €1.00 each.

The issued share capital of PML is €5,000, divided into 4,999 ordinary A shares of €1.00 fully paid-up and held by PHL and one ordinary B share of €1.00 fully-paid up and held by PHL.

Without prejudice to the provisions of the Act and of the memorandum and articles of association of PML relating to the rights of the holders of special classes of shares and to any changes or variation thereof, the shares in issue as well as in any increased capital may be divided into several classes as PML may from time to time determine by extraordinary resolution.

Each ordinary A share shall carry the right to one vote and the right to dividends and to participate in the distribution of assets on winding up and may be pledged by the holder/s thereof. The holders of ordinary A shares shall have the right to appoint directors to the board of directors of PML by simple notice in writing to the company.

Each ordinary B share shall carry the right to one vote but shall not carry the right to receive any dividends or participate in the distribution of assets on winding up and may not be pledged by the holder/s thereof. The holders of ordinary B shares shall not have the right to appoint directors to the Board.

All ordinary shares shall otherwise rank *pari passu* between themselves. Any share in PML may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may from time to time by ordinary resolution determine.

An increase or reduction in the authorised share capital shall take place through an extraordinary resolution. PML may by ordinary resolution issue any preference shares up to the amount that is authorised by the memorandum of association of PML. All classes of preference shares shall rank *pari passu* unless otherwise provided by their terms of issue.

10.3.2. SHARE CAPITAL OF PHCL

The authorised share capital of PHCL is £4,000 divided into 16,000 ordinary shares of a nominal value of £0.25 each. The issued share capital of PHCL is £3,600 divided into 14,400 ordinary shares of a nominal value of £0.25 each, being 100 per cent paid up and subscribed for, allotted and taken up by PHL. The Issuer has an authorised and issued deferred share capital of £360,000 divided into 1,440,000 deferred shares of £0.25 each.

There are no classes of shares and each ordinary share confers the right to one vote at general meetings of PHCL. All ordinary shares rank *pari passu* in all respects. Deferred shares are not entitled to dividends and carry no voting rights. On winding up, holders of deferred shares are entitled to repayment of capital, after the capital had been repaid in full to the holders of ordinary shares. Holders of deferred shares are not entitled to participate in any further surplus arising on winding up.

The shares shall be at the disposal of the directors, and they may allot, grant options over, or otherwise deal with or dispose of them to such persons at such time and generally on such terms and conditions as they think proper, subject always to the provisions of the said agreement as to the shares to be allotted in pursuance thereof, but so that no share shall be issued at a discount.

PHCL may, from time to time, by resolution of a general meeting, convert all or any of its paid-up shares into stock, and may from time to time, in like manner, re-convert any such stock into paid-up shares of any denomination.

PHCL may in general meetings increase its capital by the creation of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the general meeting resolving upon the creation thereof shall direct. Any shares in such increased capital may have attached thereto such special rights or privileges as the general meeting resolving upon the creation thereto shall direct, or failing such direction, as the directors shall by resolution determine. Any such shares may be issued with a preferential, deferred or qualified right to dividends or in the distribution of assets and with a special or without any right of voting.

PHCL may from time to time by special resolution reduce its share capital.

All or any of the rights or privileges attached to any class of shares forming part of the capital may be effected, modified, dealt with or abrogated in any manner with the sanction of an extraordinary resolution passed at a separate meeting of the members of that class.

10.4. MEMORANDUM AND ARTICLES OF ASSOCIATION OF PML

10.4.1. OBJECTS

The memorandum and articles of association are registered with the Registry of Companies. The main object of PML is to operate and run hotel business including the carrying on of a hospitality business, the operation of restaurants, spas, refreshment rooms, tea rooms, cafes, night clubs, bars and other amenities associated to the hotel business to promote the hospitality industry with travel agents, tour operators, companies and the general public on commercial terms. Clause 3 of the memorandum of association contains the full list of objects of PML.

A copy of the memorandum and articles of association of PML may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in Section 14 below.

10.4.2. APPOINTMENT OF DIRECTORS

At present, in terms of the memorandum and articles of association the board of directors shall consist of not less than one and not more than five directors.

Directors may be appointed by notice in writing to the Company by the holder or holders of ordinary shares in the company holding in the aggregate more than 50% in nominal value of the voting rights in the company.

10.4.3. POWERS OF THE DIRECTORS

The directors are vested with the management of PML and their powers of management and administration emanate directly from the memorandum and articles of association. The directors shall cause minutes to be made in books provided for purposes of all appointments of officers made by the directors, of the name of the directors present at each meeting of the directors and any committee of the directors and of all resolutions and proceedings at all meetings of PML, and of the directors, and of committees of directors.

No director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with PML or on behalf of PML in which any director or person connected with him is any way interested. A director who is in any way interested shall declare to the other directors the nature of his interest and the profit, gain or advantage accruing to him therefrom at the earliest opportunity.

There are no provisions in PML's memorandum and articles of association regulating the retirement or non-retirement of directors over an age limit.

10.5. MEMORANDUM AND ARTICLES OF ASSOCIATION OF PHCL

10.5.1. OBJECTS

The memorandum and articles of association of PHCL are registered with the Registry of Companies. The main object of PHCL is to construct, build and equip hotels, restaurants or other places of refreshment, tennis courts, swimming baths, gardens and all amenities which may conveniently be attached to a hotel, and in particular to do all such acts and things in Malta. Clause 3 of the memorandum of association contains the full list of objects of PHCL.

A copy of the memorandum and articles of association of PHCL may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in Section 14 below.

10.5.2. APPOINTMENT OF DIRECTORS

At present, in terms of the memorandum and articles of association of PHCL, the board shall consist of not less than three and not more than eight directors.

The directors may from time to time appoint any other person to be a director, either to fill a casual vacancy or by way of addition to the board, but so that the maximum number of eight directors shall not be exceeded.

10.5.3. POWERS OF THE DIRECTORS

The directors are vested with the management of PHCL, and their powers of management and administration emanate directly from the memorandum and articles of association. The directors are empowered to act on behalf of PHCL and do such acts as may be exercised and done by PHCL and as are not by these articles required to be exercised or done by PHCL in the general meeting.

No director shall vote as a director in respect of any contract or arrangement in which he shall be interested, and if he does so his vote shall not be counted.

In terms of the memorandum and articles of association, the board of directors may exercise all powers of the company to borrow or raise from time to time for the purpose of the company or secure the payment of such sums as they think fit and may secure repayment or payment of any such sums by mortgage or charge upon all or any of the property or assets of the company, including its uncalled or unpaid capital, or by the issue of debentures or otherwise as they may deem fit.

There are no provisions in PHCL's memorandum and articles of association regulating the retirement or non-retirement of directors over an age limit. However, at the ordinary meeting, one third of the directors for the time being or if their number is not a multiple of three then the number nearest to but not exceeding one-third shall retire from office.

11. MATERIAL CONTRACTS

The following material contracts have been entered into otherwise than in the course of ordinary business by the Guarantors:

11.1. EMPHYTEUTICAL DEEDS

PML acquired the Premises from Holtours Limited by title of perpetual sub-emphyteusis in virtue of a deed in the records of Notary Marco Buttigieg of the 09 August 2007 (the "PML Title Deed"), a copy of which, together with the plan annexed thereto as 'Annex A' (the "Plan") is available for inspection as indicated in Section 14 below. The Premises is subject to an annual perpetual sub-ground rent of €815.28 (formerly Lm350) payable to the Government of Malta (the "Government") on the 15 June in each year in accordance with the deed of grant of perpetual sub-emphyteusis of the Premises in the records of Notary Paul Pullicino dated the 14 March 1961 entered into between PHCL (formerly "The Malta Hotels Company Limited") and Agnes Graham (the "Deed of Grant of Sub-Emphyteusis") a copy of which is also available for inspection as indicated in Section 14 below, and is subject to the terms and conditions of the Deed of Grant of Sub-Emphyteusis.

The Premises consist of the following seven sites/portions of land marked "A-G" on the Plan and five buildings/structures marked "I-V" on the Plan:

a. "SITE A": The portion of Saint John Glacis outside Valletta limits of Floriana, measuring 112,142 sq. ft. (equivalent to c. 10,418.33 m2) shown coloured red and marked "A" on the Plan, which site includes the Hotel.

b. "SITE B": the portion of Saint John's Glacis situated outside Valletta limits of Floriana, measuring 128,938 sq. ft. (equivalent to c. 11,978.73 m2) shown coloured red and marked "B" on the Plan;

c. "SITE C": the portion of Saint John's Ditch situated outside Valletta within the limits of Floriana, measuring 51,900 sq. ft. (equivalent to c. 4,821.67 m2) shown coloured red and marked "C" on the Plan;

d. "SITE D": the portion of Saint John's Ditch situated outside Valletta limits of Floriana, measuring 31,363 sq. ft. (equivalent to c. 2,913.72 m2) shown coloured red and marked "D" on the Plan;

e. "SITE E" and "BUILDINGS/STRUCTURES I-V": the portion of Saint John's Ditch situated outside Valletta limits of Floriana, measuring 76,270 sq. ft. (equivalent to c. 7,085.71 m2) shown coloured green and marked "E" on the Plan;

f. "SITE F": the portion of land at Sa Maison, limits of Floriana, measuring 28,192 sq. ft. (equivalent to c. 2,619.12 m2) shown coloured green and marked "F" on the Plan; and

g. "SITE G": the portion of land dividing the sites marked "SITE C" and "SITE D" of the Plan and above described, situated outside Valletta limits of Floriana, measuring 3,740 sq. ft. (equivalent to c. 347.46 m2) shown in brown and marked "G" on the Plan.

The perpetual emphyteusis over the Premises is held by PHCL which acquired same from the Government as follows:

i. in virtue of a deed in the records of Notary Giuseppe Grech dated the 17 August 1938 PHCL (formerly *'The Malta Hotels Company Limited"*) acquired SITE A, SITE B, SITE C and SITE D above mentioned by title of temporary emphyteusis for the period of 150 years commencing from the 30 June 1937;

ii. in virtue of a deed in the records of Notary Carmelo Farrugia dated the 27 June 1939 PHCL acquired SITE E above mentioned by title of temporary emphyteusis for the period of 148 years commencing from the 30 June 1939;

iii. in virtue of the said deed in the records of Notary Carmelo Farrugia dated the 27 June 1939 PHCL acquired BUILDINGS/ STRUCTURES I and II above mentioned by title of temporary emphyteusis for the period of 106 years and 6 months commencing from 01 January 1981;

iv. in virtue of a deed in the records of Notary Carmelo Farrugia dated the 21 July 1939 PHCL acquired SITE G above mentioned by title of temporary emphyteusis for the period of 148 years commencing from the 30 June 1939;

v. in virtue of a deed in the records of Notary Carmelo Farrugia dated the 24 October 1947 PHCL acquired BUILDINGS/STRUCTURES marked III, IV and V above mentioned by title of temporary emphyteusis for the period to be reckoned from the 16 January 1946 up to the 29 June 2087;

vi. in virtue of a deed in the records of Notary Victor Miller dated the 15 June 1960 the temporary emphyteutical concessions of the above mentioned sites and buildings/structures were extended to perpetuity from the date of the expiration of the respective temporary emphyteutical concessions; Furthermore, in virtue of the said deed in the records of Notary Victor Miller dated 15 June 1960, PHCL acquired SITE F by title of perpetual emphyteusis.

The emphyteutical deeds mentioned in paragraphs (i) to (vi) above (the "PHCL Title Deeds") are available for inspection as set out in Section 14 of this Registration Document.

The emphyteutical concession of all the above mentioned sites and buildings/structures is governed, as from the date of the deed in the records of Notary Victor Miller of 15 June 1960, solely and indivisibly by the conditions mentioned in the said deed (which superseded all conditions stipulated in the deeds above mentioned) and by the provisions of the laws of Malta on emphyteusis.

The conditions imposed on PHCL by the deed in the records of Notary Victor Miller of 15 June 1960 include the conditions summarised hereunder:

- The Premises are to be used by the emphyteuta to carry on business as a first class hotel and restaurant, to carry on ancillary business and to provide amenities in conjunction with the business of a first class hotel and for no other purpose. Accommodation on the ground floor of the Hotel may be let by the emphyteuta to any firm, person or company for the purpose of carrying any such business as aforesaid, provided such business shall only be carried on during such period as the Hotel may be open to receive guests. Any of the amenities to be provided on the Premises as may be in excess of the immediate requirements of the guests for the time being in the Hotel may, from time to time, be hired out provided that the emphyteuta shall at all times retain full and complete control over the said amenities as part of the Hotel business;
- The emphyteuta shall be entitled to lay out gardens and construct tennis courts, squash courts, swimming pools and such other amenities as may be advantageously provided for use in conjunction with the Hotel upon certain sites specified in the said deed, subject to certain building restrictions over other sites specified in the said deed;
- Restrictions on the erection of buildings and/or other structures and/or alterations of existing structures on certain sites designated in the said deed;
- Requirement to develop certain sites and buildings as indicated, and subject to the conditions mentioned, in the said deed;
- Requirement to operate the Hotel for a minimum period of four months in every calendar year, subject to waiver of this condition by the Government upon good cause being shown; Hotel rooms not to fall below accommodation in respect of 125 - 150 guests;
- Requirement to maintain all buildings and permanent works constructed or to be constructed on the Premises in a constant state of good repair according to the laws of Malta governing emphyteusis and to give up the Premises with all improvements thereon in the event of the termination of the emphyteusis for any cause whatsoever;
- Requirement to insure the Premises;
- Requirement to give immediate notice to the Accountant General of any find of local geological, archaeological, antiquarian or artistic importance it may come across on the Premises (any such find becoming the property of the Government);
- Requirement for the whole business and affairs of the emphyteuta, except such formal acts required by the Statutes to be transacted by the registered office in the United Kingdom, to be managed, conducted and carried on by the board of directors from the emphyteuta's offices in Malta. No meeting of directors or of any committee of directors to be held, under any circumstances, in the United Kingdom and no such meeting or purported meeting held in the United Kingdom shall be valid. All meetings of directors as well as general meetings of the emphyteuta and meeting of classes of shareholders to be held in Malta and not elsewhere;
- Restriction on the assignment by the emphyteuta of its interest under the emphyteusis with respect to a part only (as opposed to the whole) of the Premises, saving the right of the emphyteuta to let the whole or any part of the emphyteutical lands or any building thereon for any purpose within the terms of the emphyteutical concession.

The above summary is not exhaustive and reference is made to the deed in the records of Notary Victor Miller of 15 June 1960, a copy of which is available for inspection as set out in Section 14 of this Registration Document, for a full and complete list of the conditions therein mentioned. In virtue of the same deed, in the event of the breach by PHCL of any of the conditions therein mentioned, the Government of Malta shall be at liberty forthwith to terminate the said emphyteutical concession provided that the forfeiture of the emphyteusis shall not be enforceable before two months' notice shall have been given to PHCL of the Government of Malta's intention to enforce its power of forfeiture and reasonable time given to remedy the default.

11.2. AGREEMENT FOR THE PROVISION OF CONSULTANCY SERVICES WITH ARCHITECTURE PROJECT

On the 23 November 2015, PHCL entered into an Agreement for the provision of consultancy services with Architecture Project (the "Agreement for the Provision of Consultancy Services") whereby PHCL appointed Architecture Project as consultants on the refurbishment project of the Premises. The obligations of PHCL under the Agreement for the Provision of Consultancy Services are guaranteed by PML. The amounts paid and expected to be payable to Architecture Project are included within the estimated investment of the refurbishment project indicated under Section 4.4.1 of this Registration Document.

11.3. WORKS CONTRACT WITH VASSALLO BUILDERS LIMITED

On the 27 November 2015 PHCL entered into an agreement with Vassallo Builders Limited ("VBL") for the execution of works comprising the refurbishment project of the Premises (the "Works Contract"). The obligations of PHCL as the employer under the Works Contract are guaranteed by PML. On 09 April 2018, Architecture Project as the engineer under the Works Contract certified that practical completion of the majority of works regarding the Hotel and the pool area (but excluding the spa and health club) was achieved on 30 November 2017. The amounts paid and expected to be payable to VBL are included within the estimated investment of the refurbishment project indicated under Section 4.4.1 of this Registration Document.

11.4. TERAMY SECURED LOAN

On the 09 August 2007, a loan in the aggregate amount of €21 million was granted by Irish Nationwide Building Society of Dublin, Ireland to PML (prior to the acquisition of PML by PHL in 2013) as to the sum of €16,200,000 to finance the purchase of the Premises including the Phoenicia Hotel and as to the sum of €4,800,000 for the payment of fees, costs, taxes, duties and other expenses in connection with the acquisition as well as for the purpose of renovation works. The said loan was secured, *inter alia*, by a general hypothec on the property of PML and a special hypothec over the Premises for the sum of €21 million and relative interest accruing thereon and a special privilege for the sum of €16,200,000 and relative interest accruing thereon over the Premises.

On the 02 July 2010, the said loan was acquired by National Asset Loan Management Limited, a company incorporated in Ireland as a subsidiary of the National Asset Management Agency (NAMA) of Ireland in terms of Irish law and European Community law by virtue of the NAMA Act.

The said loan including the related security was subsequently assigned and transferred to Teramy pursuant to a deed of assignment of debt with security in the records of Notary Pierre Attard of 28 November 2012 (the "Teramy Secured Loan").

The Teramy Secured Loan was reduced in 2016 by a loan waiver of €4 million by Teramy and a repayment of principal by PML in the sum of €5 million. The Teramy Secured Loan accrued interest at the rate of 5.25% per annum until September 2016 and continues to accrue interest at the rate of 8% per annum thereafter. The Teramy Secured Loan is subordinated to the BOV Bank Facilities and the BOV Loan Facility (as defined in Section 11.6 below).

Subsequently on 30 September 2018 Teramy and PML entered into an amended and restated loan agreement ("Amended and Restated Loan Agreement") in respect of the Teramy Secured Loan by virtue of which the parties confirmed the principal amount of the loan of €12,266,110 and interest accrued thereon of €2,008,281.48 as at 30 September 2018. The Teramy Secured Loan is repayable in full on the 31 December 2033 (the "Final Repayment Date"). The Amended and Restated Loan Agreement provides, *inter alia*, that: (i) interest on the principal sum of the Teramy Secured Loan is payable monthly subject to PML's available free cash flows from its operations following payment of principal and interest on banking facilities, capital creditors, the funding of PML's working capital requirements and fixed asset replacements and subject to any restrictions on permitted payments under PML's banking facilities ("Available Free Cash Flows"); (ii) in the event that PML shall not have Available Free Cash Flows in any interest period the interest calculated and otherwise payable in respect of such interest period shall accrue and be payable in any subsequent interest period in which PML shall have Available Free Cash Flows to pay such accrued interest and any balance of such interest accrued that remains unpaid shall continue to be accrued and payable in any subsequent interest period in which PML shall have Available Free Cash Flows; (iii) any interest accrued but unpaid in respect of any interest period/s as at the Final Repayment Date shall be payable in full on the Final Repayment Date together with the principal sum of the Teramy Secured Loan; and (iv) a break fee of €3,315,836 is payable by PML to Teramy in the event of the pre-payment of the Teramy Secured Loan on or before the 31 March 2019 (which break fee reduces rateably, annually thereafter over the period ending on 31 March 2033, such that no break fee is payable in the event that the Teramy Secured Loan is prepaid in the period between 01 April 2033 and 31 December 2033).

11.5. TERAMY UNSECURED LOAN

On 1 July 2013, Teramy acquired the unsecured advances of €1,662,434 made by certain parties, previously having an indirect shareholding interest in PML until its acquisition by PHL in 2013, to cover working capital requirements and administrative expenses of PML (the "Teramy Unsecured Loan"). The Teramy Unsecured Loan is unsecured, non-interest bearing and has no fixed date of repayment.

11.6. BOV FACILITIES

PML has outstanding bank loan facilities with Bank of Valletta p.l.c. (the "BOV Bank Facilities") of €24,800,016, as at 31 October 2018, bearing an average interest rate of 2.80% (minimum rate) plus 3 months Euribor per annum. The BOV Bank Facilities are secured by a general hypothec over all the assets of PML, a special hypothec granted by PML over the Premises, and by a general hypothecary guarantee by PHCL, for the sum of €22 million and relative interest accruing thereon, and a special privilege over the Premises for the sum of €16 million and relative interest accruing thereon.

PHCL has outstanding bank loan facilities with Bank of Valletta p.l.c. (the "BOV Loan Facility") in the principal amount of €311,334, as at 31 October 2018, bearing interest at a rate of 5.80% per annum. The BOV Loan Facility granted to PHCL is secured by a general hypothec over all the assets of PHCL and by a general hypothecary guarantee by PML, for the sum of €600,000 and relative interest accruing thereon. As at 31 October 2018, PHCL also has an unutilised overdraft facility with Bank of Valletta p.l.c. (the "BOV Overdraft Facility") of €600,000, at an interest rate of 4.65%. The BOV Overdraft Facility granted to PHCL is secured by a general hypothec over all the assets of PHCL for the sum of €600,000 and relative interest accruing thereon.

Save for the above, each of the Issuer and the Guarantors has not entered into any material contracts which are not in the ordinary course of their respective business which could result in any member of the Phoenicia Group being under an obligation or entitlement that is material to the Issuer's or each Guarantors' ability to meet its obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

12. PROPERTY VALUATION REPORT

In connection with the issue of the Bonds in accordance with the terms of the Prospectus, the Issuer commissioned DeMicoli & Associates Architects to issue a property valuation report in relation to the Premises owned by the Group and referred to in Section 4.1.1 of this Registration Document.

The following are the details of the said independent valuer:

Name:	DeMicoli & Associates Architects
Business address:	Capital Business Centre, Entrance A, Level 2, Triq taz-Zwejt, San Gwann SGN 3000, Malta

Listing Rule 7.4.3 provides that a property valuation which is to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus in question. Accordingly, the property valuation report referred to herein is dated 29 October 2018. A copy of the property valuation report dated 29 October 2018 and compiled by DeMicoli & Associates Architects in respect to the Premises, the value of which has been estimated at circa €92,000,000, is set out in Annex I to this Registration Document.

13. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Financial Analysis Summary set out as Annex III to the Securities Note and the architects' property valuation report referred to in Section 12, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 15 November 2018 has been included in the form and context in which it appears with the authorisation of Curmi & Partners Ltd, that has given and has not withdrawn its consent to the inclusion of its report herein.

The architects' property valuation report dated 29 October 2018, has been included in Annex I of this Registration Document in the form and context in which it appears with the authorisation of DeMicoli & Associates Architects of Capital Business Centre, Entrance A, Level 2, Triq taz-Zwejt, San Gwann SGN 3000, Malta, which has given and has not withdrawn its consent to the inclusion of the said report herein.

Neither of the foregoing experts have any beneficial interest in the Issuer or the Guarantors. The Issuer confirms that the Financial Analysis Summary, the architects' property valuation report, the sourced information contained in Section 5.1.3, and any other information sourced from third parties and contained and referred to in this Prospectus have been accurately reproduced and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

14. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

a. Memorandum and Articles of Association of the Issuer and the Guarantors;
b. Audited annual financial statements of PML for the financial years ended 31 December 2016 to 2017;
c. Audited annual financial statements of PHCL for the financial years ended 31 December 2016 and 2017;
d. Unaudited combined financial statements of the Guarantors for the financial year ended 31 December 2015;
e. Audited combined financial statements of the Guarantors for the financial years ended 31 December 2016 and 31 December 2017
f. Financial Analysis Summary dated 15 November 2018 and prepared by Curmi & Partners Ltd;
g. The PML Deed, the Deed of Grant of Sub-Emphyteusis and the PHCL title Deeds;
h. The Guarantee;
i. The architects' property valuation report dated 29 October 2018 and prepared by DeMicoli & Associates Architects;
j. The Inter-Company Loan Agreement dated 15 November 2018, entered into between the Issuer and PML;
k. Forecast and estimates and the Accountant's report thereon; and
l. Confirmation letter issued by Ernst & Young Malta Limited

The Memorandum and Articles of Association of the Issuer are also available for inspection in electronic form on the Issuer's website www.phoeniciafinance.com

PHOENICIA FINANCE COMPANY P.L.C.

ANNEX

ANNEX I
PROPERTY VALUATION REPORT

DeMicoli & Associates
Architects

Postal Address: Capital Business Centre | Entrance A, Level 2, Triq taz-Zwejt | San Gwann SGN 3000 | Malta
Tel: +356 2138 1500 | **Fax:** +356 2138 1600 | **Email:** info@danda.com.mt | **Website:** www.danda.com.mt

VALUATION OF PROPERTY

ADDRESS:	**THE PHOENICIA HOTEL** **THE MALL** **FLORIANA** **FRN 1478**	
VALUE:	**PROPERTY AS OF TODAY:**	**€92,000,000**

DeMicoli & Associates
Architects

Effective date of Valuation:	29th October 2018
Party Requesting Valuation:	Phoenicia Malta Limited
Address of Property Valued:	The Phoenicia Hotel The Mall Floriana FRN 1478
Purpose of Valuation:	This valuation is to be used for the purpose of an offer to the public of €25,000,000 bonds.
Object:	To value the property comprising The Phoenicia Hotel and its surrounding grounds, held by Phoenicia Malta Limited under title of perpetual sub-emphyteusis (the "Property") including to conduct a site inspection of the Property, taking into account all technical, economic, visual and environment aspects in valuing the Property.
Site inspection date:	4th October 2018
Source of information:	The information was supplied to us by the client and their consultants.

Compliance:

We confirm that the independent valuation has been prepared in accordance with the appropriate sections of the Valuation Standards contained in the RICS Valuation – Professional Standards. There has been no departure from the above mentioned standards.

As per **MFSA** listing rule **LR7.3**, we, the valuers confirm that we are independent from the Phoenicia Finance Company p.l.c.

The Property has been inspected and valued by DeMicoli and Associates, who are qualified for the purpose of the valuation in accordance with the RICS valuation standards. *"Valuers are independent and their work cannot be affected by any side"*.

We have been engaged to provide and independent valuation for the Property based on Market Value. Market Value is defined by RICS Valuation – Professional Standards as:

> *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion.'*

Basis of Valuation:

This basis of value describes an exchange between parties that are unconnected and operating freely in the market place and ignores any price distortions caused by special value or synergistic value.

Basis of Valuation:

The Phoenicia Hotel and grounds are types of asset classes known as "trade related property for existing use" and as such, we have taken into account the future trading potential when assessing the market value excluding goodwill. This means we have reviewed the previous, current and forcast trading performance and taken into account the following in order to arrive at our opinion of market value:

- Land and buildings
- Trade fixtures, fittings, furniture and equipment
- The market's perception of the trading potential together with an assumed ability to obtain or renew existing licenses, consents and certifications.

In light of the fact that the conversion of the stables and coach house buildings into 42 addition-al rooms for the hotel has not yet commenced, we will be providing a valuation of the Property in its present state without reference to the completion of the extension.

Tenure:

Following several amendments over the years, the present title is "perpetual sub-emphyteusis of approximately €1,000 per annum, otherwise free and unencumbered, together with all its rights and appurtenances, free of any liabilities, hypothecs, levies, charges, privileges, taxes, servitudes and from any other burden, save for the hypothecary and privileged rights referred to elsewhere in this valuation report. The Property is leased to a related party, Phoenicia Hotel Company Limited. Accordingly, the valuation provided herein is based on the value of the Property with vacant possession.

Location:

The Phoenicia Hotel is located right on the edge of Valletta's fortified walls and main entrance, bordering Floriana and overlooking the Marsamxett Harbour to the North and the Grand Harbour to the South.

Physical Properties: The Property comprises of land of approximately 40,000 s.m. This area can be zoned as follows:

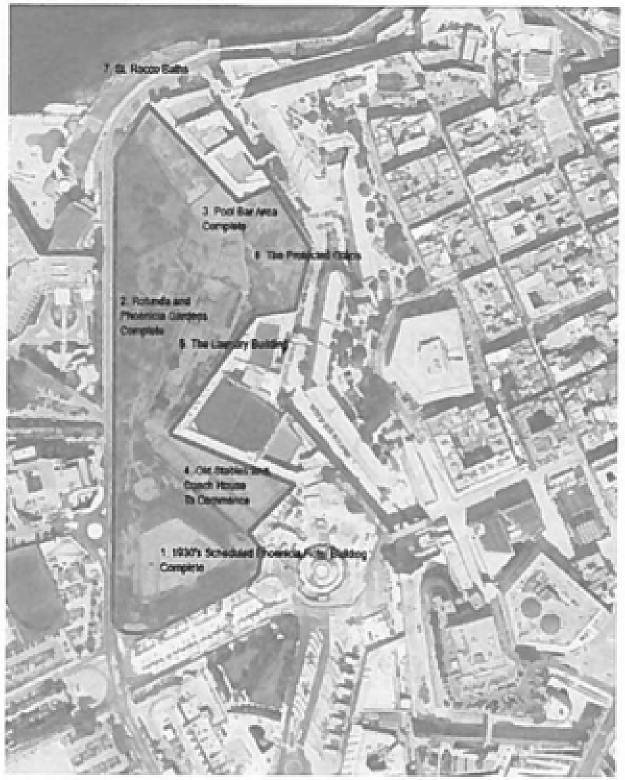
1. Phoenicia Hotel Building : 1,888 s.m
2. Gardens and Protected Glacis: 30,820 s.m
3. Pool and related facilities: 1,635 s.m
4. Old Stables within St. John's ditch: 1,855 s.m
5. Laundry Building: 1,770 s.m
6. St. Rocco Baths: 2,200 s.m

The property is bordered by two roads, namely Vjal Ir-Re Dwardu VII where the property fronts on to, as well as Triq L-Assedju L-Kbir.

We have been provided with numerous documents which include details of the number of bedrooms within the hotel, the different facilities, the amenities, the number of car spaces etc. For the purpose of this valuation we have relied upon this information. If any of this information is later found to be incorrect we may need to amend our opinion of the value.

DeMicoli & Associates
Architects

Property Map:



Company structure: The ultimate owner is Mr Mark David Shaw who is the Owner of Phoenicia Hotel (Lux) SARL which owns 100% of Phoenicia Malta Ltd and 100% of Phoenicia Hotel Company Ltd.

Zoning and Building Permits: The location of the Property under consideration is zoned within the "Retention of Existing or more Environmentally Friendly Uses" in the Floriana Inset Map within the Grand Harbour Local Plan published by the Planning Authority.

The construction of the original hotel pre-dates 1967 and therefore assumes a valid permit. We have researched the Planning Authority website for the relevant planning permissions related to The Phoenicia Hotel and found the following:

Case Number	Description of Works	Decision	Decision Date
PA/03270/04	Construction of two ramps to improve accessibility within/into building	Approved	03/08/04
PA/07941/05	Replacement and repairs of damaged balconies	Approved	28/03/06
PA/05816/08	Minor alterations – removal of internal walls/openings/doorways	Approved	21/04/09
PA/05753/09	An extension of bedrooms accompanied by upgrading of existing hotel, the restoration and rehabilitation of nearby stables to accommodate bedrooms as well as upgrading of St. John's Ditch and nearby hotel gardens.	Approved	02/09/2010
PA/02925/15	Renewal of PA/05753/09	Approved	19/11/15
PA/04613/15	Amendments to PA/05753/09 including internal minor alterations and a change of use of structures at roof level form suites to service area.	Approved	23/11/17
PA/02926/15	Demolition of existing pool structures, including the two separate buildings housing pool facilities and construction of a new pool with new facilities integrated with the landscape.	Approved	19/11/15

Zoning and Building Permits cont:

We are relying on the PA website to determine whether there is an illegality on the site, but please note that the PA website does not list unreported illegalities, apart from the fact that it is not always updated on time, and sometimes it is also inaccurate. With regard to permits therefore, we are basing our information for valuation purposes on the above information, and if this is found to be incorrect at a later stage, we may have to adjust the valuation accordingly.

Description:

The Phoenicia Hotel is located on the borders of Floriana and the entrance to Valletta and partially sits on some of the outer fortifications of the Valletta land front, It is accessed from Triq L'Assedju L-Kbir which connects the roads surrounding the perimeter of Valletta. This area attracts a large number of tourists annually.

The area surrounding the hotel is largely marked on the Local Plan as areas of open space that should be retained. To the North-West of the property there is a cluster of Government offices and The Grand Hotel Excelsior. A short 5 minute walk from the hotel brings you to the entrance of Valletta where a mixture of commercial shops, bars, restaurants and tourist attractions can be found. Located here also, is the main bus terminus providing good connections to the rest of the Island. Located close-by, on the shoreline, there are ferry terminals that connect Valletta to Sliema or The Three Cities.

In recent years tourism accommodation in Valletta has seen a significant increase with the development of several boutique hotels and holiday apartments, with many tourists favouring to stay in the capital. Overall, the hotel is in a favourable location, close to amenities which are frequented by locals and tourists alike.

Description cont:

The Phoenicia Hotel is an established 5* rated hotel that has been in operation for around 90 years. The site covers over 40,000 s.m and is therefore best divided into zones as shown in the map above.

Due to the location, recently refurbished garden, the pool area and wealth of history this hotel stores, it has been featured on "The Leading Hotels of the World", a worldwide known website known for its collection of authentic and uncommon luxury hotels.

"its architectural beauty is classed as one of the sights of Malta"

1. The 1930's Scheduled Phoenicia Hotel Building:

The site's location gave way to the buildings particular "chevron" shape. The building is constructed over five floors from limestone and a mortar mix of limestone and lime. Floors are comprised of ceramic and marble tiles, carpet and parquet, whilst extensive ironwork is used for balcony and staircase railings, chandeliers, gates etc. and finished with paint or enamel.

In recent years, under PA 02925/15, the hotel underwent extensive renovation and upgrading works, including the extension of rooms. Throughout the interior of the hotel, the grand ballroom, restaurants and lobby area have been refurbished. The hotel's existing 136 rooms have been upgraded with a fresh classic, modern look and The Phoenicia's classic façade has been restored. The hotel offers an extensive array of amenities to serve its guests.

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Description cont:

Fig: 1-2 Façade of 1930's Phoenicia Hotel Building

Description cont:

Fig: 3-5 Façade of 1930's Phoenicia Hotel Building

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Description cont:

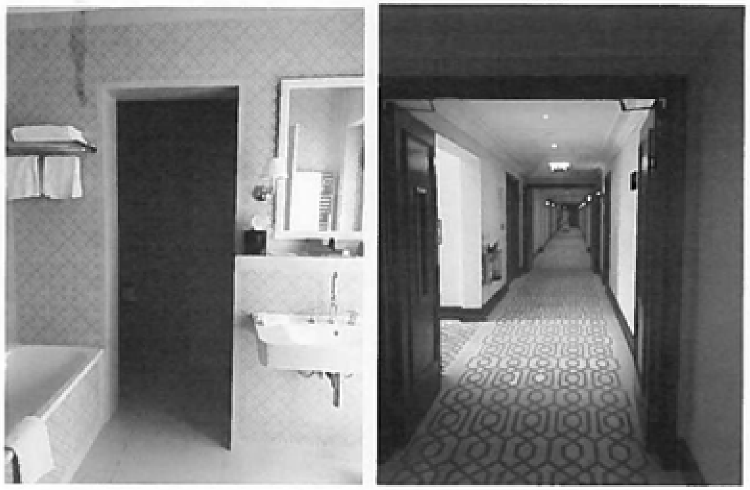

Fig: 6-9 Typical Hotel Suite and Corridor

At ground floor, guests enter into the main entrance roofed with a coffered ceiling reminiscent of local Maltese architecture. To the left one can find the reception and waiting area, well-lit from a skylight above, and ahead an imposing lobby bar.

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Description cont:

Fig: 10 Picture showing waiting area. Figure: 11 Picture showing lobby bar.

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Description cont:

The dining area is located at the back of the property and features a large terrace that overlooks the extensive gardens. At the front of the property there is a bistro restaurant with a terrace overlooking the Triton fountain and City Gate.

Fig: 12-13. Pictures showing dining area at the rear of the property

Description cont:

Fig: 14-15. Pictures showing Bistro Restaurant and terrace at front of the property.

Description cont:

At ground floor there is also a large ballroom and entertainment space, with a serious of interconnecting rooms that lead onto the gardens at the rear of the property. As part of the upgrading works, new parquet flooring was laid and the AC system was upgraded.

Fig: 16-17. Pictures showing Ballroom and adjoining function space.

Description cont: Lastly, at ground floor level there are three large interconnecting conference/meeting rooms that can be hired out.

Fig: 18-20 Conference rooms

Description cont:

In the coming months the hotel will also open a new highly finished, state-of-the-art salon and spa.

The Rotunda and Phoenicia Gardens.

The Rotunda and Phoenicia Gardens connect the back of the hotel to the pool area. This 7.5 acre garden has recently been upgraded under PA 02925/15 and provides a great asset for guests of the hotel. This area combined with the pool has also become a very attractive wedding venue.

Fig: 21-22. The Rotunda and Phoenicia Gardens.

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Description cont:

The Pool and Related Facilities

As part of the refurbishment works, PA 02926/15, an infinity pool and terrace has been built at the rear of the site. Flanked on one side by the bastions and on the other by the gardens, the infinity pool enjoys impressive views over the Marsaxmett Harbour. There is also a pool bar serving snacks and drinks.

Fig: 23-25 Pool Bar Area

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Description cont:

The Old Stables within St. John's Ditch

Located within the Phoenicia Gardens in the outerwork ditch, to the East of the hotel, are two historic colonial buildings known as the stables and coach house. The ditch has been extensively modified throughout the years and the buildings are condemned and derelict.

Although currently not complete, this area falls under part of the refurbishment and upgrading works under PA 02925/15. It is intended to eventually convert the stables and coach house into 42 new rooms providing additional accommodation as part of the hotel. As at reporting date, the upgrading of the ditch has not yet begun.

At present, the rooms within the 1930's Phoenicia Hotel look down onto this derelict ditch, whilst the ditch is also disconnected from the hotel and garden grounds. As part of the works, a green podium is being proposed, acting as a "belvedere" towards the bastion and providing a bridge to connect these areas and create an efficient operation.

Description cont:

Fig: 26 Present condition of outerwork ditch to be upgraded#

Description cont:

Fig: 27 Present condition of outerwork ditch to be upgraded

Description cont:

Future potential of laundry area:

The area currently known and used as the laundry and dry-cleaning area could be easily converted to accommodate further hotel rooms or duplex suites. The area is currently in a rundown state, but has promising potential to become part of the luxury hotel. It is found between the gardens which lead to the pool area and the bastions.

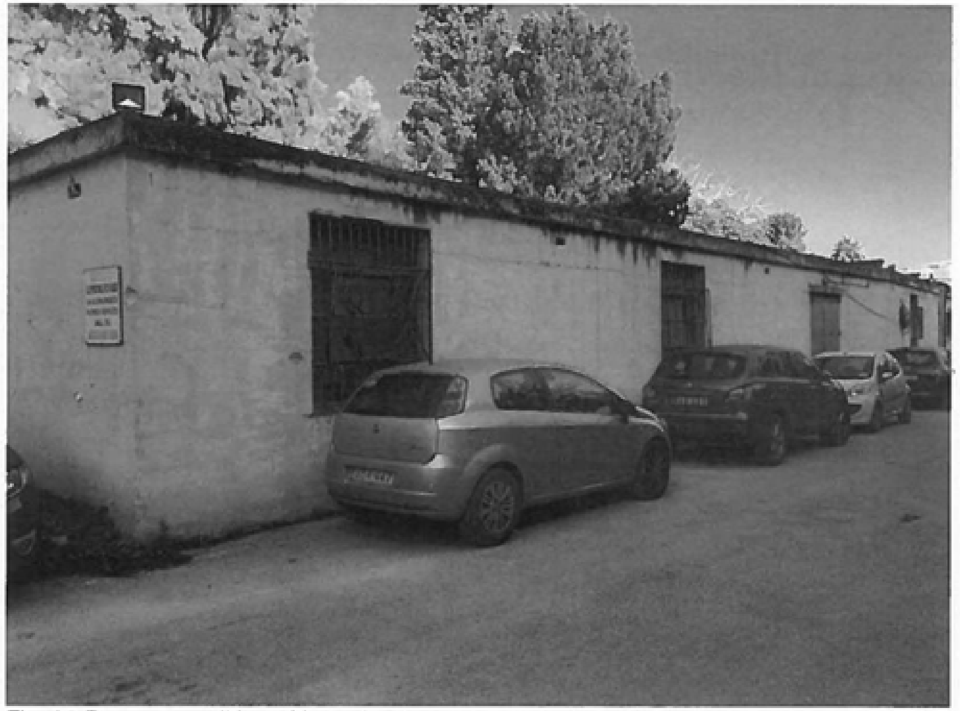


Fig: 28 Present condition of Laundry Area

Description cont:

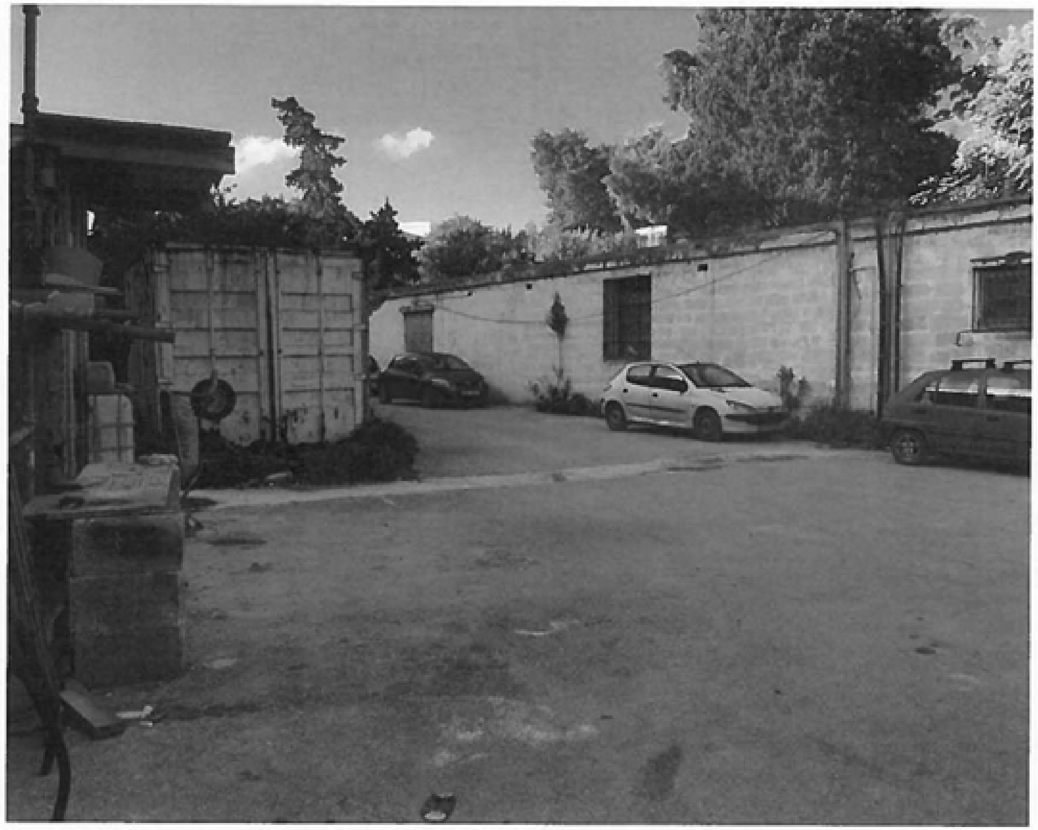


Fig: 29 Present condition of Laundry Area

Services:

We assume that the following services are in place:

- The bedrooms and public areas have air conditioning units
- There is also a stand by generator
- There are numerous gas, heat and fire detectors which are checked and certified each year complying with the necessary regulations
- A sprinkler firefighting system is installed on all floors complying with regulations. In addition, there are numerous fire hoses strategically located, the fire detection units are controlled centrally and there are fire drills taking place in order to comply with health and safety laws.
- The passenger and service lifts are in working condition and certified complying with the necessary regulations.

Assumptions:

We have made the following assumptions in the preparation of our Report:

- The buildings are in a good state of repair;
- There are no defects of any significance;
- All building services and any associated controls or software are in working order and free from defect;
- The properties are not contaminated and no contaminative or potentially contaminative uses have ever been carried out on it;
- There are no abnormal ground conditions present which might adversely affect the present or future occupation, development or value of the property;
- The buildings have been erected in accordance with planning permissions and have the benefit of permanent planning consents or existing use rights for their current use;

Assumptions cont. :

- The Property complies with all the applicable laws and regulations, including those related to health and safety especially passenger and goods lift which are periodically certified as safe by independent mechanical engineers;
- The property's structure is certified as safe by independent structural engineers;
- We have relied upon sources of information provided to us by Phoenicia Malta Limited and their representatives including the number of rooms within the hotel, the number of car parking spaces etc; and
- All areas quoted within this report are approximate.

Discussion:

As stated above, the valuation method being adopted here is the 'trade related' one. The capital value of the asset is obtained by analysing the recently audited accounts and the projected income, based on the expected room rates for this recently refurbished class of hotel.

Documentation provided by the client stated a range of expected EBIDTA (Earnings Before Interest, Depreciation, Tax and Amortisation). We carried out a test of reasonableness of these values and conservatively, pegged our capitalization to a value slightly higher than the lower figure provided.

It takes into consideration the hotel's particularly favourable and unique location, together with all the ancillary amenities and facilities which attract a reasonably high income to support guests operations.

The tourist climate is good and future trends in the tourist industry for the foreseeable future is assumed to be fairly safe and secure, with potential for future increase in the number of rooms and in occupancy rates resulting from the recent refurbishment.

Discussion cont.:

The market value being assessed herewith is based on the existing hotel of 136 rooms and amenities, including but not limited to, the broad spectrum of facilities like the ballroom, the swimming pool, the extensive gardens, the spa, the conference rooms, restaurants and bars, room service and all of the amenities usually associated with five star hotels.

Listing rules:

A. Listing Rule 7.4.1.8: "main terms of tenants' leases or sub-leases (including repairing obligations)":

Phoenicia Hotel Company Limited ("PHCL") leases the Premises from Phoenicia Malta Limited ("PML") by virtue of a lease agreement dated 05 January 2018 (the "Lease Agreement"). The Lease Agreement is for a period of one year from 01 January 2018, renewable for a further period/s of one year each up to a maximum period of fifteen years in the aggregate. In terms of the Lease Agreement, PHCL currently pays an annual rent of €2,500,000 (excluding VAT) to PML, revisable every three years in accordance with its terms, which rent is due in equal monthly instalments in advance. The Lease Agreement may be terminated by PML in the event that PHCL is in default of any of its material obligations thereunder, including the payment of any one monthly instalment of rent within thirty days from its due date, and fails to remedy such default within 30 days from receipt of a judicial letter to that effect. The lease may be terminated by PML on the following grounds, without prejudice to the right of PML to pursue any right or remedy available to it at law, namely if:

- PHCL fails to pay any instalment of rent when it falls due, remains in default for a period of thirty (30) days, and fails to remedy such default within thirty (30) days from notification of a judicial letter to that effect;
- PHCL assigns, sub-leases, transfers, or makes over the lease (other than by way of a management agreement in favour of a hotel operator);

Listing rules cont.:

- PHCL breaches any one of the terms and conditions of the Lease Agreement and remains in default for a period of thirty (30) days from notification of a judicial letter specifying the breach claimed to have taken place and requiring PHCL to rectify the breach;
- PHCL is unable to pay its debts as they fall due, or an order is made or an effective resolution is passed or any similar proceedings are taken for the winding up of PHCL, or any proceedings are taken for a declaration of insolvency in relation to PHCL.

The Lease Agreement may also be terminated by PHCL by giving three months' notice to PML to that effect prior to the expiry of its original term or of any renewed term thereafter.

B. Listing Rule 7.4.1.11: "terms of any intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation":

Kindly refer to above lease agreement.

PHCL and PML are related parties since they are both owned by Phoenicia Hotel (Lux) S.a r.l. Accordingly, the lease referred to above qualifies as an intra-group lease for the purposes of Listing Rule 7.4.1.11.

C. Listing Rule 7.4.1.12: "any other matters which materially affect the value (including any assumptions and information on contamination, if any)":

Refer to assumptions above.

Listing rules cont.:

D. Listing Rule 7.4.1.14: "details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens":

-Info re. Security (i.e. mortgages and privileges and other charges) over the Property:

The borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with other unsecured debt, ranks after all these borrowings. In addition, the Bonds would also rank after any future debts that may be secured by a cause of preference such as a privilege and/or a hypothec.

Facility	Purpose	Counterparty	Date taken	Term (years)	Principal Balance (Jun 18)	Interest Balance (Jun 18)	Secured by
Teramy Secured Loan	Acquisition finance	"Investments S.a r.l. (acquired by assignment on 28 November 2012)"	09 August 2007	26	€12.27m	€1.76m	General Hypothec, Special Hypothec and Special Privilege
Loan facility	Loan granted to Phoenicia Hotel Company Limited for business purposes and secured by Phoenicia Malta Limited	BOV	04 April 2014	10	€0.33m	NIL	Special Hypothec
Loan I	Project development	BOV	09 August 2016	15	€15.47m	€0.11m	General Hypothec, Special Hypothec and Special Privilege
Loan II	Teramy partial payment; part funding of additional development	BOV	09 August 2016	15	€5.87m	€0.04m	General Hypothec and Special Hypothec

Listing rules cont.:

-Emphyteutical Deeds:

PML acquired the Premises from Holtours Limited by title of perpetual sub-emphyteusis in virtue of a deed in the records of Notary Marco Buttigieg of the 09 August 2007 (the "PML Title Deed"). The Premises is subject to an annual perpetual sub-ground rent of €815.28 (formerly Lm350) payable to the Government of Malta (the "Government") on the 15 June in each year in accordance with the deed of grant of perpetual sub-emphyteusis of the Premises in the records of Notary Paul Pullicino dated the 14 March 1961 entered into between PHCL (formerly The Malta Hotels Company Limited) and Agnes Mary Violet Graham (the "Deed of Grant of Sub-Emphyteusis"), and is subject to the terms and conditions of the Deed of Grant of Sub-Emphyteusis.

The Premises consist of the following seven (7) sites/portions of land marked "A-G" on the Plan and five (5) buildings/structures marked "I-V" on the Plan (**See appendix E for Map**):

(a) "SITE A": The portion of Saint John Glacis outside Valletta limits of Floriana, measuring 112,142 sq. ft. (equivalent to circa 10,418.33 m2) shown coloured red and marked "A" on the Plan, which site includes the Hotel.

(b) "SITE B": the portion of Saint John's Glacis situated outside Valletta limits of Floriana, measuring 128,938 sq. ft. (equivalent to circa 11,978.73 m2) shown coloured red and marked "B" on the Plan;

(c) "SITE C": the portion of Saint John's Ditch situated outside Valletta within the limits of Floriana, measuring 51,900 sq. ft. (equivalent to circa 4,821.67 m2) shown coloured red and marked "C" on the Plan;

Listing rules cont.:

(d) "SITE D": the portion of Saint John's Ditch situated outside Valletta limits of Floriana, measuring 31,363 sq. ft. (equivalent to circa 2,913.72 m2) shown coloured red and marked "D" on the Plan;

(e) "SITE E" and "BUILDINGS/STRUCTURES I-V": the portion of Saint John's Ditch situated outside Valletta limits of Floriana, measuring 76,270 sq. ft. (equivalent to circa 7,085.71 m2) shown coloured green and marked "E" on the Plan;

(f) "SITE F": the portion of land at Sa Maison, limits of Floriana, measuring 28,192 sq. ft. (equivalent to circa 2,619.12 m2) shown coloured green and marked "F" on the Plan; and

(g) "SITE G": the portion of land dividing the sites marked "SITE C" and "SITE D" of the Plan and above described, situated outside Valletta limits of Floriana, measuring 3,740 sq. ft. (equivalent to circa 347.46 m2) shown in brown and marked "G" on the Plan.

The perpetual emphyteusis over the Premises is held by PHCL which acquired same from the Government as follows:

(h) in virtue of a deed in the records of Notary Giuseppe Grech dated the 17 August 1938 PHCL (formerly The Malta Hotels Company Limited) acquired SITE A, SITE B, SITE C and SITE D above mentioned by title of temporary emphyteusis for the period of 150 years commencing from the 30 June 1937;

Listing rules cont.:

(ii) in virtue of a deed in the records of Notary Carmelo Farrugia dated the 27 June 1939 PHCL acquired SITE E above mentioned by title of temporary emphyteusis for the period of 148 years commencing from the 30 June 1939;

(iii) in virtue of the said deed in the records of Notary Carmelo Farrugia dated the 27 June 1939 PHCL acquired BUILDINGS/STRUCTURES I and II above mentioned by title of temporary emphyteusis for the period of 106 years and 6 months commencing from 01 January 1981;

(iv) in virtue of a deed in the records of Notary Carmelo Farrugia dated the 21 July 1939 PHCL acquired SITE G above mentioned by title of temporary emphyteusis for the period of 148 years commencing from the 30 June 1939;

(v) in virtue of a deed in the records of Notary Carmelo Farrugia dated the 24 October 1947 PHCL acquired BUILDINGS/STRUCTURES marked III, IV and V above mentioned by title of temporary emphyteusis for the period to be reckoned from the 16 January 1946 up to the 29 June 2087;

(vi) in virtue of a deed in the records of Notary Victor Miller dated the 15 June 1960 the temporary emphyteutical concessions of the above mentioned sites and buildings/structures were extended to perpetuity from the date of the expiration of the respective temporary emphyteutical concessions; Furthermore, in virtue of the said deed in the records of Notary Victor Miller dated 15 June 1960, PHCL acquired SITE F by title of perpetual emphyteusis.

Listing rules cont.:

The emphyteutical deeds mentioned in paragraphs (i) to (vi) above are referred to as the "PHCL Title Deeds".

The emphyteutical concession of all the above mentioned sites and buildings/structures is governed, as from the date of the deed in the records of Notary Victor Miller of 15 June 1960, solely and indivisibly by the conditions mentioned in the said deed (which superceded all conditions stipulated in the deeds above mentioned) and by the provisions of the laws of Malta on emphyteusis.

The conditions imposed on PHCL by the deed in the records of Notary Victor Miller of 15 June 1960 include the conditions summarised hereunder:

- The Property is to be used by the emphyteuta to carry on business as a first class hotel and restaurant, to carry on ancillary business and to provide amenities in conjunction with the business of a first class hotel and for no other purpose. Accommodation on the ground floor of the Hotel may be let by the emphyteuta to any firm, person or company for the purpose of carrying any such business as aforesaid, provided such business shall only be carried on during such period as the Hotel may be open to receive guests. Any of the amenities to be provided on the Property as may be in excess of the immediate requirements of the guests for the time being in the Hotel may, from time to time, be hired out provided that the emphyteuta shall at all times retain full and complete control over the said amenities as part of the Hotel business;
- The emphyteuta shall be entitled to lay out gardens and construct tennis courts, squash courts, swimming pools and such other amenities as may be advantageously provided for use in conjunction with the Hotel upon certain sites specified in the said deed, subject to certain building restrictions over other sites specified in the said deed;

Listing rules cont.:

- Restrictions on the erection of buildings and, or other structures and, or alterations of existing structures on certain sites designated in the said deed;
- Requirement to develop certain sites and buildings as indicated, and subject to the conditions mentioned, in the said deed:
- Requirement to operate the Hotel for a minimum period of 4 months in every calendar year, subject to waiver of this condition by the Government upon good cause being shown; Hotel rooms not to fall below accommodation in respect of 125 - 150 guests;
- Requirement to maintain all buildings and permanent works constructed or to be constructed on the Property in a constant state of good repair according to the laws of Malta governing emphyteusis and to give up the Property with all improvements thereon in the event of the termination of the emphyteusis for any cause whatsoever;

- Requirement to insure the Property;
- Requirement to give immediate notice to the Accountant General of any kind of local geological, archaeological, antiquarian or artistic importance it may come across on the Property (any such find becoming the property of the Government);
- Requirement for the whole business and affairs of the emphyteuta, except such formal acts required by the Statutes to be transacted by the registered office in the United Kingdom, to be managed, conducted and carried on by the board of directors from the emphyteuta's offices in Malta. No meeting of directors or of any committee of directors to be held, under any circumstances, in the United Kingdom and no such meeting or purported meeting held in the United Kingdom shall be valid. All meetings of directors as well as general meetings of the emphyteuta and meeting of classes of shareholders to be held in Malta and not elsewhere;

Listing rules cont.:

- Restriction on the assignment by the emphyteuta of its interest under the emphyteusis with respect to a part only (as opposed to the whole) of the Premises, saving the right of the emphyteuta to let the whole or any part of the emphyteutical lands or any building thereon for any purpose within the terms of the emphyteutical concession.

The above summary is not exhaustive and reference is made to the deed in the records of Notary Victor Miller of 15 June 1960, for a full and complete list of the conditions therein mentioned. In virtue of the same deed, in the event of the breach by PHCL of any of the conditions therein mentioned, the Government of Malta shall be at liberty forthwith to terminate the said emphyteutical concession provided that the forfeiture of the emphyteusis shall not be enforceable before two (2) months' notice shall have been given to PHCL of the Government of Malta's intention to enforce its power of forfeiture and reasonable time given to remedy the default.

E. Listing Rule 7.4.3: "be dated and state the effective date of valuation for each Property which, unless otherwise agreed by the Listing Authority, must not be more than sixty (60) days prior to the date of publication of the Prospectus or Circular"

Effective date : 29th October 2018

F. Listing Rule 7.4.7: "where the Directors have required a valuation of the benefit or detriment of contractual arrangements in respect of Property or where there is thought to be benefit in any options held, show such valuations separately and include a reconciliation of the costs and values"

This listing rule is not applicable.

Listing rules cont.:

G. Listing Rule 7.4.8: "in those cases where Directors or promoters have had an interest in any acquisitions or disposals (of the type referred to in Listing Rule 6.18.6) of any of the Properties during the two (2) years preceding the valuation, contain details of the nature and extent of such interests and the date of the transactions and the prices paid or received or other terms on which the transactions were effected. In such cases, the information required must be provided by the Directors to the valuer for this purpose. Alternatively, the information on interests of Directors or promoters may be given elsewhere in the Prospectus or Circular".

This listing rule is not applicable.

H. Listing Rule 7.4.9: "identify any other matter which the valuer considers relevant for the purposes of the valuation"

There is currently an approved permit in hand to convert the old stables within ST. Johns Ditch measuring 1,855s.m to be converted into 42 Rooms. Construction of this development has not yet begun, and accordingly the future revenues that the extra 42 rooms may generate has not been calculated and included in this valuation.

There is also the laundry area measuring 1,770s.m that could be converted to further accommodation in the future, however there is no current planning application or permit for the development of further accommodation.

Other:

We wish to point out that there exists a significant degree of judgement involved in selecting methods and basis for valuation and a significant number of items which may be subjectively considered when arriving at such valuation, including growth in future earnings and related free cash flows. It follows that valuations are not a prediction of price or a guarantee of value and, whilst our valuation is one which we consider to be both reasonable and defensible, others may arrive at a different conclusion. Furthermore, since the projections of free cash flows which underpin the valuation, and the assumptions on which these projections are based relate to the future they may be affected by unforeseen events. The variation between projected and actual results may be material and such variation may materially affect the value of the property.

Unless otherwise specifically stated, the analysis set out in this document takes into account all the information known and made available to us up to 29th October 2018 and is therefore current as at that date.

DeMicoli & Associates
Architects

Valuation:

In the light of the above, we estimate that the market value on an open market basis as of today is;

€92,000,000
(Ninety Two Million Euro)

Confidentiality:

We have taken all reasonable care to ensure that the information is correct, and to the best of our knowledge is in accordance with the facts as given to us, and contains no omission likely to affect its import.

There are no other matters which we consider as relevant for the purposes of the valuation.

Perit Ray DeMicoli

Appendices:

- **Appendix A:**
  Site Plan

- **Appendix B:**
  Hotel Plans provided by Phoenicia Malta Limited

- **Appendix C:**
  Phoenicia Hotel Masterplan and Proposal provided by Phoenicia Malta Limited

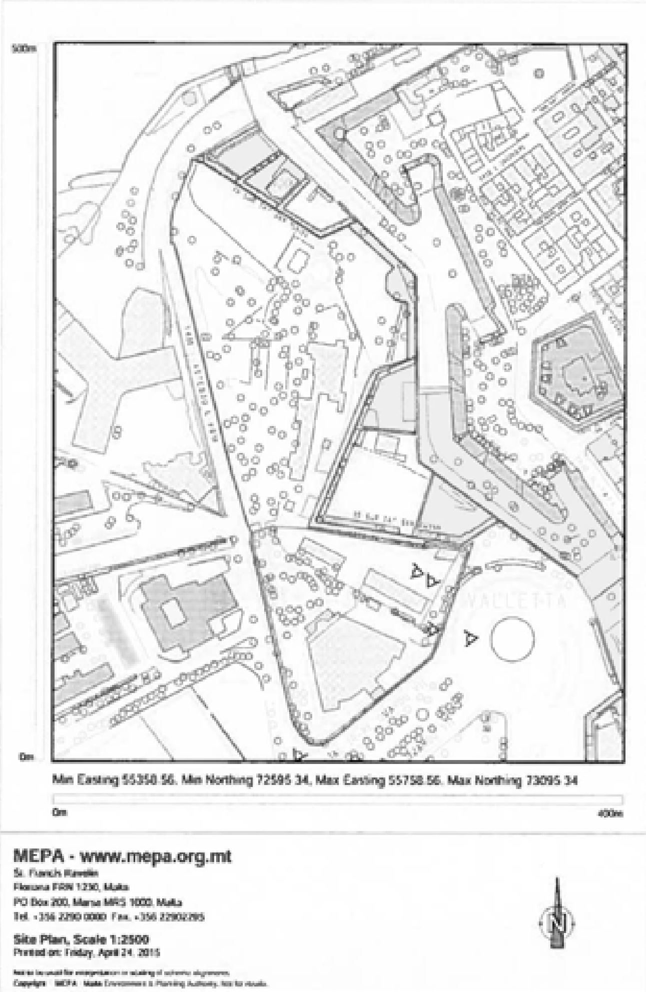
- **Appendix D:**
  Restoration Method Statement provided by Phoenicia Malta Limited

- **Appendix E:**
  Map orginally attached to deed of property

DeMicoli & Associates
Architects

Appendix A: Site Plan

DeMicoli & Associates
Architects



DeMicoli & Associates
Architects

- Appendix B: Hotel Plans provided by Phoenicia Malta Limited

DeMicoli & Associates
Architects