

SUMMARY NOTE

DATED 15 NOVEMBER 2018

This Summary Note 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.

Issue of €25,000,000 4.15% Unsecured Bonds 2023-2028
of a nominal value of €100 per Bond issued at par
(due 15 December 2028, subject to early redemption at the option of the Issuer
on any Early Redemption Date)
by

PHOENICIA FINANCE COMPANY P.L.C.

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

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 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 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.

ISIN: MT0002081207

Sponsor

**CURMI &
PARTNERS**

Manager & Registrar

BOV
Bank of Valletta

Legal Counsel

**Refalo &
Zammit Pace**
ADVOCATES

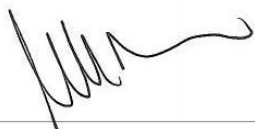
THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY 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 IN 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



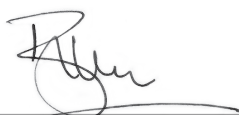
Mark D. Shaw



Jean Pierre Ellul Castaldi



Mario P. Galea



Benjamin Muscat



Etienne Borg Cardona

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO PHOENICIA FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER AND PHOENICIA MALTA LIMITED AND PHOENICIA HOTEL COMPANY LIMITED AS GUARANTORS. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) 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); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

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 PROSPECTUS AND TO 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 ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS. 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 THE PROSPECTUS 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.

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.

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 SUMMARY NOTE 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 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.

This Summary Note is prepared in accordance with the requirements of the Regulation.

A summary note is made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1– E.7). This Summary Note contains all the Elements required to be included in a summary for the type of securities being offered pursuant to this Prospectus and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary Note with the mention of 'Not Applicable'. Except where the context otherwise requires, the capitalised words and expressions used in this Summary Note shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

SECTION A

INTRODUCTIONS AND WARNINGS

A.1 Prospective investors are hereby warned that:

- i. this summary is being provided to convey the essential characteristics and risks associated with the Issuer and the Bonds being offered pursuant to the Prospectus. This document is merely a summary, and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary Note in deciding whether to invest in the Bonds described in this document. Accordingly, any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor;
- ii. where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the laws of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- iii. civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus is misleading, inaccurate or inconsistent; or if the summary does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.

A.2 Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries Prospective investors are hereby informed that:

- i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement, or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:
 - a. in respect of Bonds subscribed through Authorised Financial Intermediaries pursuant to placement agreements during the Offer Period;
 - b. to any resale or placement of Bonds subscribed for as aforesaid taking place in Malta;
 - c. to any resale or placement of Bonds subscribed for as aforesaid taking place within the period of 60 days from the date of the Prospectus.
- ii. In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary will provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

SECTION B

ISSUER AND GUARANTORS

B.1 The legal and commercial name of the Issuer is Phoenicia Finance Company p.l.c. The legal and commercial name of each of
B.19 the Guarantors is Phoenicia Malta Limited ("PML") and Phoenicia Hotel Company Limited ("PHCL").

B.2 The Issuer was incorporated in Malta in terms of the Act on 23 October 2018, as a public limited liability company and is
B.19 in Malta. PML was incorporated in Malta in terms of the Act on 8 June 2007, as a private limited liability company and is domiciled in Malta. PHCL was incorporated as a private limited company in the United Kingdom on 10 October 1935 in terms

of the UK Companies Act 2006, and is operated through a branch, which was registered in Malta as an overseas company on 21 April 1965. PHCL is domiciled in the United Kingdom.

B.4(b) The Issuer is dependent on the business prospects of the Guarantors and, therefore, the trend information relating to the
B.19 Guarantors (detailed below) has a material effect on its financial position and prospects.

As at the time of publication of the Prospectus, the Phoenicia Group considers that it shall be subject to normal risks associated with the business in which the Group operates, and, barring any unforeseen circumstances, does not anticipate any trends outside the ordinary course of business that could be considered to have a material effect on the prospects of the Group, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

The following is a brief synopsis of the significant trends affecting the operations of each of the Guarantors:

PML: PML holds the perpetual sub-empyteusis of the Premises, upon which the Hotel is situated. The Hotel is leased by PML to PHCL pursuant to the Lease Agreement, 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. The ongoing performance of the Hotel and relative food and beverage business is expected to grow further in the coming years. Furthermore, it is 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.

PHCL: PHCL manages and operates the Phoenicia Hotel by virtue of the Lease Agreement. PHCL registered total revenue of €6.8m during its nine months of operation in the financial year ended 31 December 2017 (“FY17A”). The Hotel achieved revenue per available room of €157 in FY17A driven by a higher average room rate when compared to the historical period. The Phoenicia Hotel is situated right at the entrance of Malta’s capital city, Valletta, which hosts Malta’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.

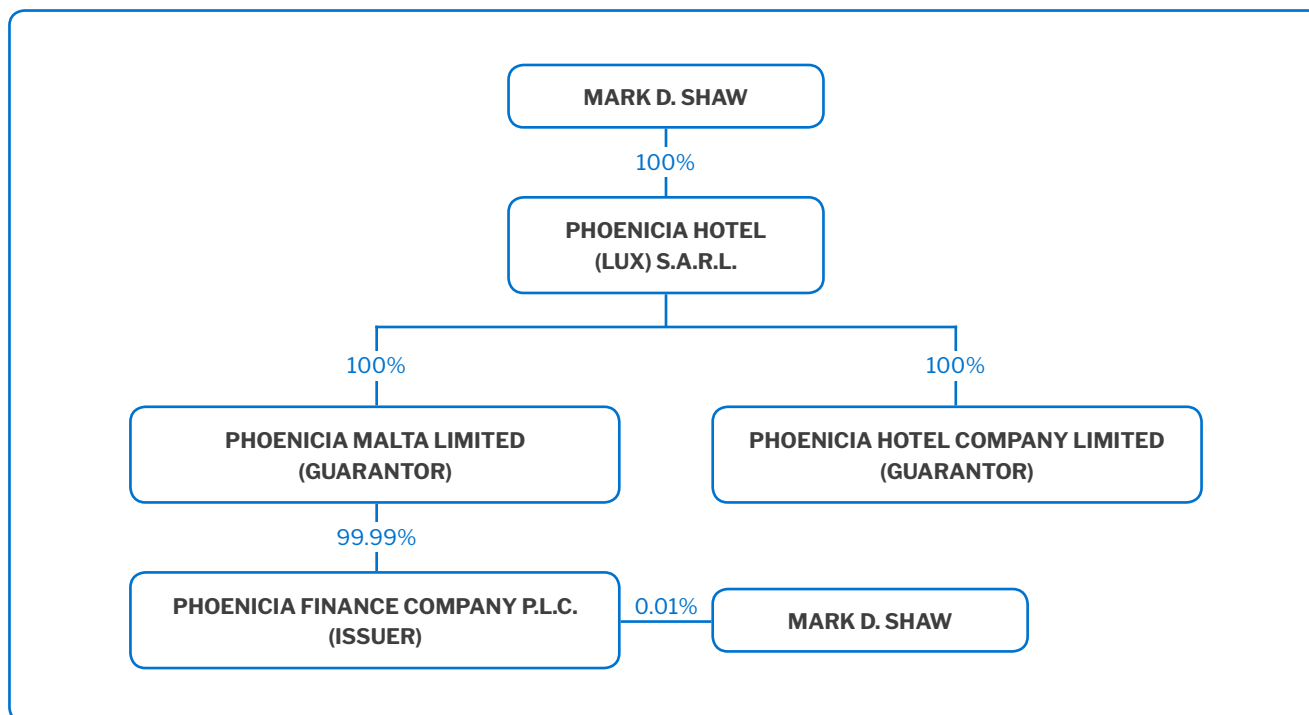
Inbound Tourism:

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. 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.

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 *circa* 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 10 years, and these reached *circa* 421,000 visitors in 2017 (2007: *circa* 286,000), representing *circa* 18.5% of total inbound tourists for the year.

B.5 The organisational structure of the Group is depicted below:
B.19



The Issuer is a subsidiary of PML and forms part of the Phoenicia Group. The shares in PML and PHCL are each wholly owned by PHL, which in turn is beneficially owned by Mark D. Shaw.

B.9 The financial information set out below has been extracted from the forecast combined financial statements of the Issuer,
B.19 PML and PHCL for the financial year ending 31 December 2018 (“FY18B”) and 31 December 2019 (“FY19F”). This financial information has been prepared on a combined basis in line with the historical combined financial information for the financial years ending 31 December 2016 (“FY16A”) to 31 December 2017 (“FY17A”) for the Guarantors.

COMBINED PROFIT FORECAST

CURRENCY: € 000	FY18B	FY19F
Revenue	13,245	15,214
Cost of sales	(5,204)	(5,945)
Gross contribution	8,041	9,269
Operating expenses	(2,542)	(2,713)
Gross operating profit	5,499	6,556
Other fixed charges	(552)	(586)
EBITDA	4,947	5,970
Depreciation	(2,486)	(2,635)
Interest payable	(5,019)	(1,725)
(Loss) / Profit before tax	(2,558)	1,610
Taxation	(160)	(748)
Profit / (Loss) after tax	(2,718)	862
Total comprehensive income for the year	(2,718)	862

In FY18B, the Hotel’s revenue is forecast to be €13.2m, an increase over FY17A revenue, 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. PHCL management’s figures for FY19F include the forecast performance with the Spa & 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%.

- B.10**
B.19 The independent auditor's reports on the historical financial statements of PML for the financial year ended 31 December 2016 includes a reference to a qualified opinion. The basis for the qualified opinion related to the inability of the independent auditor to establish the fair value of the Premises since the carrying value of PML's investment property was not re-assessed during the period of the ongoing refurbishment and restoration project. Furthermore, the independent auditor's report on the historical financial statements of PML for the financial year ended 31 December 2017 also included a reference to a qualified opinion. In this regard, the independent auditor reported that the re-assessment of the fair value of the investment property as at 31 December 2017, which was based on an independent architect valuation, resulted in the recognition of a fair value gain of €41 million in the statement of comprehensive income for 2017. Accordingly, since the opening value of the investment property affects the determination of the changes in fair value for the period, the independent auditor was 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.
- B.12**
B.19 As at the date hereof there is no historical financial information pertaining to the Issuer. 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 financial statements. The historical financial information of each of the Guarantors is set out in the audited financial statements for each of the financial years ended 31 December 2016 ("FY16A") to 31 December 2017 ("FY17A"). There were no significant changes to the financial or trading position of each of the Guarantors since the date up to which the latest audited financial statements were prepared. The Group does not have a statutory requirement to prepare consolidated financial information. 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 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, as stated in their report.
- B.13**
B.19 Not Applicable: neither the Issuer nor any of the Guarantors are aware of any recent events which are to a material extent relevant to the evaluation of their solvency.
- B.14**
B.19 The Issuer 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 mainly dependent on the business prospects of the Guarantors. The Issuer operates exclusively in and from Malta.
- B.15**
B.19 The business of the Phoenicia Group relates to the ownership, management and operation of the iconic five-star Phoenicia Hotel. The Issuer is a special purpose vehicle set up to act as a financing company for the Phoenicia Group and, is therefore dependent on the business prospects and operating results of the Guarantors. 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. The principal activity of PHCL is the operation of the Phoenicia Hotel.
- B.16**
B.19 The issued share capital of the Issuer is wholly taken up by PML, other than 1 share which is subscribed for, allotted and taken up by Mark D. Shaw. The shares in PML and PHCL are each wholly owned by PHL, which in turn is beneficially owned by Mark D. Shaw.
- B.17**
B.19 Not Applicable: neither the Issuer nor any of the Guarantors have sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.
- B.18**
B.19 For the purposes of the Guarantee, the Guarantors irrevocably and unconditionally guarantee to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds as and when the same shall become due under any of the foregoing, the Guarantors will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. The obligations of the Guarantors under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

SECTION C

SECURITIES

- C.1** The Issuer shall issue an aggregate of €25,000,000 in Bonds having a face value of €100 per Bond, subject to a minimum subscription of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Bonds will have the following ISIN: MT0002081207. The Bonds shall bear interest at the rate of 4.15% per annum.
- C.2** The Bonds are denominated in Euro (€).

- C.5** The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (that is in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8** A Bondholder shall have such rights as are attached to the Bonds, including: (i) the repayment of capital; (ii) the payment of interest; (iii) ranking with respect to other unsecured indebtedness of the Issuer and the Guarantors; (iv) seeking recourse from the Guarantors pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds; (v) the right to attend, participate in, and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (vi) enjoy all such other rights attached to the Bonds emanating from the Prospectus.
- The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantors and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantors, if any. Furthermore, subject to the negative pledge clause, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and the Guarantors for so long as such security interests remain in effect.
- As at the date of this Summary Note, the Issuer does not have any indebtedness which is subordinated to the Bonds. As at 30 June 2018, the Group's indebtedness amounted in aggregate to €38.4 million (including accrued interest as at that date), which comprised bank facilities and the indebtedness to Teramy. The borrowings 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.
- C.9** The Bonds shall bear interest from and including 12 December 2018 at the rate of 4.15% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 15 December 2019 (covering the period 12 December 2018 to 14 December 2019). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price, and the Redemption Value of the Bonds is 4.15%. The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.
- C.10** Not applicable. There is no derivative component in the interest payments on the Bonds.
- C.11** The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 15 November 2018. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 12 December 2018 and trading is expected to commence on 14 December 2018.

SECTION D

RISKS

- D.2** **Holding of a Bond involves certain risks. 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 deciding to acquire Bonds. Prospective investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.**

This document contains statements that are, or may be deemed to be, “forward-looking statements”, which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer, the Guarantors and/or their Directors. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled “Risk Factors” in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer’s and the Guarantors’ future performance.

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, or unless the bonds are otherwise previously redeemed at the option of the Issuer on any of the Early Redemption Dates at their nominal value as the Issuer may determine by giving not less than 60 days' notice in writing to bondholders. An investment in the Bonds involves certain risks, including those described below.

The Bonds are complex financial instruments and may not be suitable for all recipients of the Prospectus. Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors' investment in the Bonds before making an investment decision.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this Summary Note.

i. Risks relating to the Issuer and its business:

The Issuer is merely a special purpose vehicle and is therefore mainly dependent on the business prospects of the Guarantors. As such, the operating results of the Group have a direct effect on the Issuer's financial position. Accordingly, the risks of the Group are indirectly those of the Issuer.

ii. Risks relating to the Business of the Phoenicia Group:

The Phoenicia Group is subject to a number of risks which could have an adverse effect on its business, the value of its assets and results of operations. These risks include but are not limited to those risks, which are discussed below:

- a. The Group's operations and the results of its operations are subject to a number of external factors that could adversely affect the Group's business, many of which are common to the hotel industry and beyond the Group's control;
- b. The Group is exposed to a variety of risks associated with safety, security, and crisis management. Serious incidents or a combination of events could escalate into a crisis which, if managed poorly, could expose the Group to significant reputational damage;
- c. The future operating results of the 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;
- d. The Group is subject to a competitive and changing industry, and failure to compete effectively in traditional and emerging areas of the business could impact the Group's market share, profitability, and relationships with guests;
- e. The Group is exposed to increasing competition from online travel agents and intermediaries;
- f. 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 Group's results of operations, its financial condition and/or its reputation;
- g. The 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;
- h. The termination or non-renewal of PHCL's management agreement with CGHL, or the entering 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;
- i. Since PML is a property holding company, the Group is exposed to fluctuations in the property and real estate markets;
- j. The valuation of property is intrinsically subjective and influenced by a variety of factors, and there can be no assurance that any such property valuations will reflect actual market values;
- k. The Premises is 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 Group's operations and financial position;
- l. 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;
- m. The 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 will be available on commercially reasonable terms or within the timeframes required by the 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;
- n. The Group's operating and other expenses could increase without a corresponding increase in turnover or revenue;
- o. The Group has a material amount of debt and may incur additional debt in connection with its future growth, which could adversely affect its financial position;
- p. Currency fluctuations may have a material adverse effect on the Group's business, financial condition, and results of operations;
- q. The Group is reliant on non-proprietary software systems and third-party information technology providers 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;
- r. The Group is exposed to risks related to information security and data privacy;

- s. The Group's key senior personnel and management have been and remain material to its growth;
- t. The Group, including the Issuer and both the Guarantors, is owned and controlled by Mark D. Shaw via PHL. 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;
- u. No assurance can be given that the 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;
- v. Changes in laws and regulations relevant to the Group's business and operations could have an adverse impact on its business, results of operations, financial condition or prospects;
- w. The Company is susceptible to legal claims, with or without merit, by its guests, customers, actual and potential partners, suppliers, contractors, service providers, consultants, employees and regulatory authorities. Unfavourable outcomes of claims and proceedings could have a material adverse effect on the Group's operations, results, cash flow and/or financial position;
- x. The forecasts set out in the Prospectus are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have material adverse effects on the financial position and results of the Group and the Issuer.

D.3 Key information on the key risks specific to the Bonds:

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus. The Bonds are complex financial instruments and may not be suitable for all types of retail investors. A potential investor should not invest in the Bonds unless: i) he/she has the necessary knowledge and experience to understand the risks relating to this type of financial instrument; ii) the Bonds meet the investment objectives of the potential investor; and iii) such potential investor is able to bear the investment and financial risks which result from investment in these Bonds.

- i. There can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue;
- ii. There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all. A public trading market depends on a number of factors over which the Issuer has no control;
- iii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds;
- iv. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different;
- v. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time;
- vi. Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds;
- vii. The Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus;
- viii. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority;
- ix. The Issuer has the option to redeem the Bonds, in whole, at a price of €100 per Bond, on any of the Early Redemption Dates, together with any unpaid interest until the time of redemption. This optional redemption feature may have a negative impact on the market value of the Bonds. During a period when the Issuer may opt to redeem the Bonds, the market value may not rise considerably above the price at which the Bond will be redeemed. Should the Issuer decide to redeem the Bonds on any of the Early Redemption Dates, the Bondholder may not be able to re-invest the proceeds from the redemption at yields that would have been received on the Bonds had they not been redeemed;
- x. Both the Issuer and the Guarantors may incur additional borrowings or indebtedness and may create or permit to

- subsist security interests upon the whole or any part of its present or further undertakings, assets or revenues;
- xi. The Issuer has not sought, nor does it intend to seek, the credit rating of an independent agency and there has been no assessment by any independent rating agency of the Bonds;
 - xii. 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 jointly and severally. 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 respective 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.

SECTION E

OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,550,000, will be on-lent by the Issuer to PML pursuant to the Inter-Company Loan Agreement and shall be utilised by PML for the following purposes, in the amounts and order of priority set out below:

- i. an amount of €17,837,566 will be used to re-finance the Teramy Secured Loan, which will have the effect of reducing PML's financing cost, and a further amount of €1,662,434 will be used to refinance the Teramy Unsecured Loan, accordingly settling all amounts owing by PML to Teramy. Moreover, as a result, all hypothecary rights granted by PML to Teramy in security of the Teramy Secured Loan will be cancelled; and
- ii. an amount of €4,000,000 will be used to part re-finance outstanding BOV Bank Facilities.

The remaining balance of the net Bond Issue proceeds in the amount of €1,050,000 shall be used for the Group's general corporate funding requirements, including operational costs.

E.3 The Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Financial Intermediaries through placement agreements, whereby the Issuer will bind itself to allocate the Bonds to such Authorised Financial Intermediaries in accordance with the terms of such placement agreements. The Authorised Financial Intermediaries will in turn bind themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Bonds being admitted to the Official List of the MSE.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

- i. **Form, Denomination and Title:** The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.
- ii. **Interest:** Details of interest payable on the Bonds are provided in Element C.9 of this Summary Note.
- iii. **Status of the Bonds:** 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 jointly and severally. 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 respective unsecured indebtedness, if any.
- iv. **Payments:** Payment of the principal amount of Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Redemption Date. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven days of the Interest Payment Date.

- v. **Redemption:** Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued up to the date fixed for redemption) on 15 December 2028 provided that the Issuer reserves the right to redeem all the Bonds on any one of the Early Redemption Dates, that is, 15 December 2023, 15 December 2024, 15 December 2025, 15 December 2026 or 15 December 2027, subject to the Issuer giving at least 60 days' notice in writing to all Bondholders of its intention to effect such earlier redemption.
- vi. **Events of Default:** The Bonds shall become immediately due and repayable at their principal amount together with any accrued interest, if any of the following events shall occur:
 - a. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 30 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
 - b. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
 - c. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or the Guarantors; or
 - d. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or cease to carry on its business or a substantial part of its business; or
 - e. the Issuer is unable, or admits in writing, its inability to pay its debts as they fall due or otherwise becomes insolvent; or
 - f. there shall have been entered against the Issuer and/or the Guarantors a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €2,500,000 or its equivalent and 90 days shall have passed since the date of entry of such judgment without it having been satisfied or stayed; or
 - g. any default occurs and continues for 90 days under any contract or document relating to any Financial Indebtedness of the Issuer and/or the Guarantors in excess of €2,500,000 or its equivalent at any time.
- vii. **Transferability of the Bonds:** The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.
- viii. **Register of Bondholders:** Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.
- ix. **Further Issues:** Subject to the negative pledge clause, the Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.
- x. **Meetings of Bondholders:** The Terms and Conditions of the Bonds may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer.
- xi. **Governing Law and Jurisdiction:** The Bonds shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, or proceedings against the Issuer and/or the Guarantors arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts.

E.4 Save for the subscription for Bonds by Authorised Financial Intermediaries (which include the Sponsor and Manager & Registrar), and any fees payable in connection with the Bond Issue to Curmi & Partners Ltd, as Sponsor, and Bank of Valletta p.l.c. as Manager & Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

E.7 Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €450,000.

EXPECTED TIMETABLE OF THE BOND ISSUE

1. Placement date	26 November 2018
2. Offer Period	26 November 2018 to 28 November 2018
3. Commencement of interest on the Bonds	12 December 2018
4. Expected date of notification of registration	12 December 2018
5. Expected date of admission of the securities to listing	12 December 2018
6. Expected date of commencement of trading in the securities	14 December 2018