VON DER HEYDEN GROUP

FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.
18th June 2018

Calamatta Cuschieri
INVESTMENT ADVISORS & STOCKBROKERS

The Directors
Von der Heyden Group Finance p.l.c.,
Palazzo Spinola Business Centre
46, St. Christopher Street
Valletta, VLT1464

18th June 2018

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the Listing Authority Rules, we have compiled the Financial Analysis Summary (the "FAS" or the "Analysis") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Von der Heyden Group Finance p.l.c. ("the Issuer") and Timan Investments Holdings Ltd ("the Guarantor"). The data is derived from various sources or is based on our own computations as follows:

(a) The historical financial data for the three years ended 2015, 2016 and 2017 have been extracted from the Guarantor's audited statutory financial statements.
(b) The forecast data for the financial years ending 31st December 2017 have been provided by management.
(c) Our commentary on the results of the Issuer and the Von der Heyden Group of Companies (the "Group") and on its financial position is based on the explanations provided by management.
(d) The ratios quoted in the FAS have been computed by us applying the definitions set out in the "Glossary and Definitions" section of the Analysis.
(e) The principal relevant market players listed in the "Comparative Analysis" section of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The FAS is meant to assist potential investors by summarising the more important financial data set out in the annually published financial statements of the Issuer and Guarantor. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, independent financial and/or investment advice. The FAS does not constitute an endorsement by our firm of the listed bonds that the Issuer has outstanding on the Official List of the Malta Stock Exchange and should not be interpreted as a recommendation to invest in the securities issued by the Issuer. We shall not accept any liability for any loss or damage arising out of the use of the FAS and no representation or warranty is provided in respect of the reliability of the information contained in the FAS. Potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Nick Calamatta

Director

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1. Information about the Issuer and Group

1.1 Issuer and Guarantor's key activities and structure

Von der Heyden Group Finance plc ("the Issuer" or "VDHGF"), company registration number C 77266, is a limited liability company registered in Malta on 15th September 2016. VDHGF serves as the financing vehicle of the Group. The issued share capital is held by Timan Investments Holdings Ltd ("the Guarantor" or "TIH").

TIH, the guarantor of the debt securities, has company registration number C 63335 and is a limited liability company registered in Malta on 31st December 2013 as a continuing business from the Netherlands (previously Timan Investments Holdings B.V.) under Companies Act 1995. The principal activity of TIH is to hold for capital growth and income generation, investments in subsidiary and associated entities. TIH also currently provides financing to Group and related entities. The Group is involved in real estate development, real estate leasing, hotel management, and hospitality and has operations in Germany, Poland, Spain and Malta.

The issued share capital of TIH is held as follows:

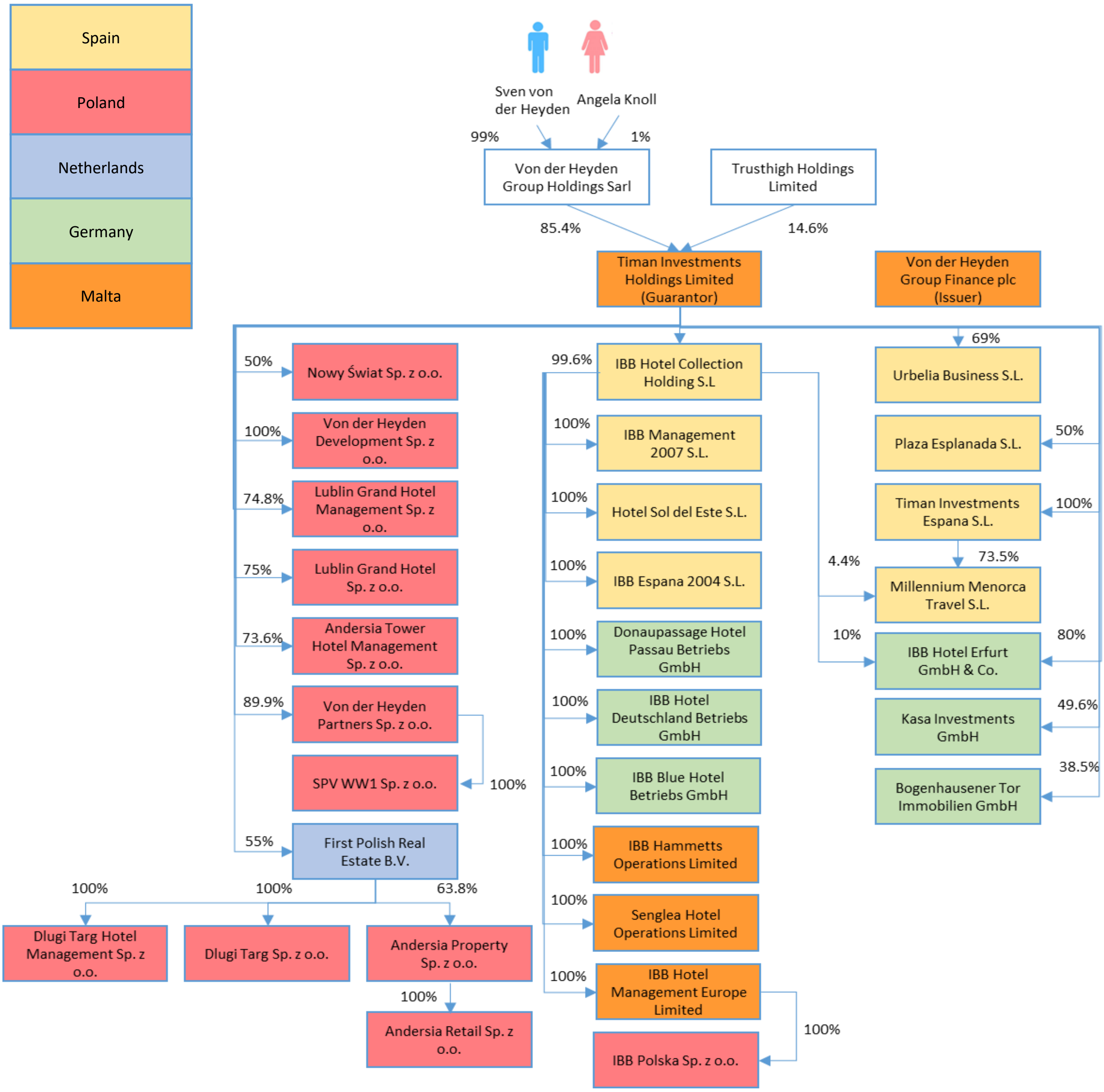
- Von der Heyden Group Holdings S.A.R.L. 3,249,924 A Ordinary shares (85.42%) of €1 each fully paid up; and
- Trusthigh Holdings Limited 554,717 B Ordinary shares (14.58%) of €1 each fully paid up.

In terms of its Memorandum and Articles of Association, the Guarantor is controlled by Von der Heyden Group Holdings S.A.R.L and, accordingly, the Group is ultimately controlled by Mr. Sven von der Heyden. The Group's parent company is TIH. TIH's principal Malta registered subsidiaries are VDHGF and IBB Hotel Management Europe Ltd ("IHME"). As at 31st December 2017, the Group had 28 subsidiary entities and 5 associated entities registered in Germany, Poland, Spain, Malta and Holland.

Group associated entities include Bogenhausener Tor Immobilien GmbH ("BTI") that is involved in the development of the Bavaria Towers Munich project and IBB Hammetts Operations Limited which is the operator of food & beverage outlets and event facilities in Malta.

Where the Group owns and manages a hotel, it normally sets up a property holding entity and a separate hotel operating entity. Where the Group operates a hotel, it normally sets up a hotel operating company. Hotels, whether owned and managed or just managed, are all managed under the IBB brand. IBB Hotel Management Europe Limited has taken over the management of all the portfolio of hotels held by the VDH Group providing services such as corporate accounting, a common online booking platform and marketing.

The Group's complete organisation chart is set out below:



1.2 History of the Group

The Group was founded in 1989 and has completed investment programmes in real estate markets with a market value of approximately over €525 million. The Group currently employs approximately 300 people. The Group has representative offices or investments in Warsaw, Poznan, Lublin, Gdansk, Amsterdam, Berlin, London, Mahón (Menorca), Madrid, Munich, Malta and Luxembourg and also has conducted business in Atlanta, Dresden and New York. The Group has established itself as a niche boutique player targeting top quality results developing high quality office buildings, owning and managing hotel and residential properties in Europe and specifically in Germany, Poland and Spain. The Group's business activities are currently organised primarily across two lines of business:

1. Property development
2. Hotel management

Property development

The property development business line includes the identification and development of sites for office, retail, and mix use commercial or residential purposes. The property development business also includes development of hotels that are owned or managed by the Group. The Group is currently involved, amongst others, in development projects in:

- Germany – including the Bavaria Towers Munich development; and
- Poland – including the Liberty Corner Warsaw development and the Andersia Square Poznan development.

Individual property developments are described in further detail in section 1.4.1.1 and 1.4.1.2 of the Analysis.

Hotel management

The hotel management business line includes the management of hotels under the IBB Hotel Collection brand, in Germany, Poland, and Spain. A number of hotels under management are also currently owned by the Group. As at June 2018, the Group had 13 hotels under management including 4 owned and managed hotels. Hotels under management are discussed in more detail in section 1.4.1.3.

1.3 Directors and Executive Management

The Issuer is currently managed by a Board of five Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of two executive Directors, who are entrusted with the company's day-to-day management, and three non-executive Directors who are also independent of the Issuer, whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors.

Name	Designation
Sven von der Heyden	Executive Director, Chairman
Robert Hendrik Rottinghuis	Executive Director, CEO
Francis J. Vassallo	Independent, Non-Executive Director
Kevin Deguara	Independent, Non-Executive Director
Robert Aquilina	Independent, Non-Executive Director

The business address of all of the Directors is the registered office of the Issuer.

TIH, the Guarantor, has a board consisting of three directors, comprising:

Name	Designation
Sven von der Heyden	Executive Director
Javier Errejon Sainz de la Maza	Executive Director
Francis J. Vassallo	Independent, Non-Executive Director

The senior management team of the Group consists of:

Name	Designation
Mr. Adam Karol Trybusz	Head of Real Estate Development Poland - Von der Heyden Group
Mr. Vladimir Saal	Chief Executive Officer - IBB Hotel Collection
Ms. Carolin Schraishuhn	Head of Financial Controlling - Von der Heyden Group
Mr. Luke Coppini	Chief Financial Officer - Von der Heyden Group
Mr. Roberto Paradero	Head of Controlling - IBB Hotel Collection
Ms. Tiana Vella	Head of Human Resources - Von der Heyden Group

1.4 Major assets owned by the Group

The following table provides a list of the principal assets and operations owned by the respective Group companies:

OWNING COMPANY	NAME OF PROPERTY	LOCATION	DESCRIPTION	% OWNERSHIP
Andersia Retail Sp. z o.o.	Andersia Silver	Poland	Property owner	42.5%
Andersia Tower Hotel Management Sp. z o.o.	IBB Andersia Hotel	Poland	Hotel management and operation	73.62%
Bogenhausener Tor Immobilien GmbH	Bavaria Towers	Germany	Property owner of the Blue Tower	38.5%
Długi Targ Sp. z o.o.	IBB Hotel Długi Targ	Poland	Property owner	50%
Dlugi Targ Hotel Management Sp. z o.o.	IBB Hotel Długi Targ	Poland	Hotel management and operation	50%
Donaupassage Hotel Passau Betriebs GmbH	IBB Hotel Passau City Centre and IBB Hotel Passau Süd	Germany	Hotel management and operation	100%
IBB Blue Hotel Betriebs GmbH	IBB Blue Hotel Berlin-Airport and IBB Blue Hotel Paderborn	Germany	Hotel management and operation	99.6%
IBB España 2004 S.L.	IBB Recoletos Coco Salamanca	Spain	Hotel management and operation	99.6%
IBB Hotel Collection Holding S.L. (formerly Asturme S.L.)	IBB Hotel Paradis Blau	Spain	Property owner	99.6%
IBB Hotels Deutschland Betriebs GmbH	IBB Hotel Ingelheim, IBB Hotel Kempten and Hotel Europaischer Hof Hamburg	Germany	Hotel management and operation (current and future projects)	99.6%
IBB Hotel Management Europe Ltd	IBB Hotel Valletta Merkanti	Malta	Hotel management and operation (future project)	99.6%
KASA Investments GmbH	8 residential buildings located in Leipzig, Berlin and Plauen (Germany) totalling 5,937sqm	Germany	Property owner	49.58%
Lublin Grand Hotel Sp. z o.o.	IBB Grand Hotel Lublinianka	Poland	Property owner	75%
Lublin Grand Hotel Management Sp. z o.o.	IBB Grand Hotel Lublinianka	Poland	Hotel management and operation	74.77%
Nowy Świat Sp. z o.o.	Nowy Świat Atrium	Poland	Property owner (future project)	50%
Sol del Este S.L.	IBB Hotel Paradis Blau	Spain	Hotel management and operation	99.6%
Timan Investments España S.L.	IBB Hotel Cugó Gran	Spain	Property owner & Hotel management and operation	100%
Von der Heyden & Partners Sp. z o.o.	Plot of undeveloped land in Wegorzewo, Poland measuring 8,361m2	Poland	Property owner	99.9%
Urbelia Business S.L	Urbelia Business Ciudad Real and Urbelia Business Bailen	Spain	Ownership and operation of low cost fuel stations	69%
Senglea Hotel Operations Limited	Cugó Gran Macina Grand Harbour Hotel	Malta	Hotel management and operation	99.6%
IBB Hammetts Operations Limited	Hammett's Gastro Bar, Hammett's Macina Restaurant and Sheer Bastion event facilities	Malta	F&B and event facilities operation	50%

1.4.1 Further details about projects and assets owned by the Group

1.4.1.1 Office development projects in development

Bavaria Towers

With a projected investment value in excess of €165 million, the Bavaria Towers forms part of the most spectacular development project in the Bavarian capital in a strategic location in Munich. Situated in the Bogenhausen district on the eastern edge of Munich, the Bavaria Towers project will create a stunning new gateway to the city. The Bavaria Towers development comprises a total of four pentagonal high-rises buildings that account for 77,651 sqm of total gross rental area, two central underground car parks with a total of 960 spaces.

The project consists of: Blue Tower (18 storeys, 72.3m high, 24,347 sqm gross rental area, 300 parking spaces), White Tower (15 storeys, 53.6m high, 15,150 sqm gross rental area, 140 parking spaces), Sky Tower (20 storeys, 83.6m high, 26,246 sqm gross rental area, 380 parking spaces) and Star Tower (9 storeys, 46.1m high, 11,908 sqm gross rental area, 140 parking spaces).

The project is owned by a German registered company, Bogenhausener Tor Immobilien GmbH, of which the Guarantor is 38.5% shareholder, held in co-ownership with Luxembourg based Atlant Capital. Zurich Insurance owns and is developing the Sky Tower and Star Tower together with the Von der Heyden Group.

The White Tower and Blue Tower are currently being finished and are due to obtain certification in accordance with the Leadership in Energy and Environmental Design (LEED) Gold sustainability standard. The 54m high White Tower building was already rented before construction on a twenty-year lease, to H-Hotels AG that will operate a 4-star hotel comprising 345 state-of-the art rooms. Furthermore, in December 2015 shortly after the start of construction, the White Tower building was sold to Swiss Life Insurance Group on a forward funding basis and is one of the Group's largest hotel transactions to date. Completion is estimated by the end of 2018. Bavaria Towers is one of the very few projects offering tenants a combined floor area of more than 5,000 sqm. Munich is Germany´s largest office market with a stock of about 25 million sqm and the vacancy rate of less than 2%. The company has recently concluded the lease of 6,000 sqm of office space in the Blue Tower to eGym, a hi-tech company operating in the fitness and health industry. Furthermore, the company is in advanced negotiations with various other potential tenants who have expressed serious interest in leasing office space at Bavaria Towers which gives hope that the Blue Tower is practically fully leased by the end of 2018. First tenants are expected to move in by February 2019. The shareholders intend to refinance the property during the next 12 months to release equity to the shareholders.

1.4.1.2 Prospective office development projects

Andersia Silver

Andersia Silver, with a planned investment value of €110 million in Poznań, Poland, will be the fourth and final development phase of the contemplated structure at the Anders Square in Poznań.

Following extensive market research, the Company's Management Board and the real estate advisors Knight Frank concluded that currently major players in the office rental market are looking for large areas on one level rather than on a smaller footprint on two high-rise buildings as was being planned by Andersia Retail originally. Consequently, Andersia Retail in August 2017 commissioned an amendment of the existing building permit, changing the original design of two towers to one larger tower of c. 42,000 sqm. The new concept will be a tower of 28 floors with a larger footprint for the first 11 floors (more than 2,150 sqm) and a smaller footprint of c. 1,150 sqm for the remaining floors. Current working plans envisage a 260-room 4 Star plus Hotel with very large conference areas and about 25,000 sqm of office space.

The new design in architecture and mechanical installations has been entrusted to Pracownia Architektoniczna Ewy i Stanisława Sipińskich and PKEnergy Paweł Krych studios, respectively.

Nowy Świat Atrium

Nowy Świat Atrium will be located in the very heart of Warsaw at Nowy Świat 5 Street, close to the Warsaw Stock Exchange, Liberty Corner and the most exclusive retail area in Warsaw. The options for the final design of this project are currently being contemplated by the Group and hopefully covered by a future new Masterplan in this area of the City of Warsaw.

1.4.1.3 Hotel operations

The Group manages its hotels through its brand IBB Hotel Collection. The Malta registered entity IBB Hotel Management Europe Ltd acts as the franchisor company, franchising each Group franchisee company in the different jurisdictions where hotel operations are located. IBB Hotel Collection currently operates thirteen 3-star to 5-star hotels.

IBB Hotel Collection manages three 4-star hotels and three 3-star hotels in Germany; one 5-star hotel, one 4-star hotel and one 3-star hotel in Spain, three 4-star hotels in Poland and one 5-star hotel in Malta.

Hotel operations in Germany

IBB Hotel Passau City Centre is a 4-star 129 room hotel located in the heart of a picturesque city at the convergence of the three rivers Donau, Ilz and Inn.

IBB Hotel Passau Süd is a 3-star hotel located only 3km away from the historical city centre of Passau. The hotel offers 63 elegant rooms and 2 apartments, as well as a conference area that may host up to 85 guests.

IBB Blue Hotel Berlin-Airport in Germany is oper is a 3-star hotel which offers a comfortable stay in a convenient location – ten minutes away from Brandenburg Berlin Airport. This hotel forms part of the IBB Hotel Collection "Blue" brand, reserved for 3-star hotels providing high quality services in most attractive locations at affordable prices. The hotel comprises 84 double rooms, the 'Blue Lobby' bar, one bistro and two conference rooms. The full potential of IBB Blue Hotel Berlin-Airport will unlock with the opening of the new Berlin airport, which is expected to happen during 2019.

IBB Blue Hotel Paderborn is a 3-star hotel**,** opened by the Group during June 2017 in the heart of East-Westphalia, which is an interesting destination for business people as well as tourists due to its easy accessibility. The hotel is located in a modern building in the city centre of Paderborn, close to the shopping area, university and train station. The hotel comprises of 45 spacious rooms with a modern design finished to very high standards.

IBB Hotel Ingelheim also opened in June 2017 in line with the Group's expectations. It offers 103 double rooms and 6 studios with a 4-star standard. Additional facilities include a boardroom hosting up to 12 guests, a breakfast restaurant, a bar and coffee shop. The hotel is located in the downtown city centre of Ingelheim called Neue Mitte, 300m from the train station and 3km from a motorway exit (A60).

Hotel Europäischer Hof Hamburg was taken over under the Group's portfolio of hotels. The management contract for Hotel Europäischer Hof Hamburg was signed on 27 February, 2017, and the hotel fell under the Group's responsibility as of 1 March, 2017. It is one of the largest privately-owned hotels in Germany featuring 275 rooms, the restaurant Paulaner's "Miraculum", a piano bar as well as three conference rooms. The hotel will undergo an extensive restoration process until the year 2022 under the supervision of IBB for the hotel related issues and a project management company for the construction works.

Hotel operations in Spain

IBB Recoletos Coco Salamanca is a 4-star hotel, located close to Plaza de Toros in Salamanca - a UNESCO World Heritage city. The hotel was re-opened in 2014 under the operation of the Group's IBB Hotel Collection. The property offers 74 elegant, fully equipped double rooms, 6 single rooms and 2 superior rooms with en-suite hydro-massage shower rooms. The hotel comprises a terrace bar on the ground floor, an external swimming pool and a private car park.

IBB Hotel Paradis Blau is a 3-star hotel located in Cala'n Porter, a very famous village in the island of Menorca known for its picturesque beaches and caves. The hotel has just undergone a major refurbishment which allowed it to sign a contract with a well-known tour operator resulting in improved room rates and hence revenues. The hotel offers 59 renovated rooms, a bar and a swimming pool located on the rooftop terrace and is under the operation of the Group's IBB Hotel Collection. Apart from operating this hotel, the Group currently also wholly-owns the property through its subsidiary company IBB Hotel Collection Holding S.L.

Hotel Cugó Gran Menorca is considered to be the gem in the Group's portfolio. It is a meticulously restored old Menorcan farmhouse which provides guests with the services of a 5-star hotel having the privacy of a luxury villa. Situated on a 250-acre estate, the property features spacious interiors and terraces, a 25-metre outdoor pool in exquisitely landscaped gardens, its own vineyard, as well as a gym and massage treatment room. Cugó Gran is also for exclusive use and can be booked for a minimum three or seven-night stay. The Hotel is now in its 3rd year of operation and has gradually increased its operational results, whilst the Average Room Rate achieved is well above €500 /night for Bed & Breakfast. Hotel Cugó Gran Menorca is wholly owned and operated by the Group.

Hotel operations in Poland

IBB Grand Hotel Lublinianka is a 4-star hotel in the centre of Lublin, Poland, which consisted in a 5,700 sqm renovation project with an investment value of €11.7 million, completed in 2002. Grand Hotel Lublinianka is the most recognized and one of the most iconic and award-winning buildings in the city of Lublin, dating back to 1899.

The hotel has won first prize in the "Building of the Year 2007" award organized by the Polish Association of Civil Engineers and Construction Technicians, the Ministry of Infrastructure and the General Office of Building Control; first place in the "CEE Best Project Awards 2008" in the 'Best Hotel Development Project 2008' category in a competition organized by the CEPIF (Central Eastern European Property and Investment Fair) and International Herald Tribune, granted by participants of the Central and Eastern Europe real estate markets during the CEPIF Fairs in 2008 in Warsaw; as well as a second place in the 'Quality Awards' in the "CEE Hotel & Leisure Development of the year 2007" category.

Furthermore, for the Grand Hotel Lublinianka renovation project, Mr Sven von der Heyden received a personal award for 'Preservation of historical buildings', granted by the Polish Minister of Culture in 2002. The Grand Hotel Lublinianka comprises 72 rooms, mostly double rooms, and 6 suites. There are also two restaurants, a banquet room and various fitness facilities, including a sauna, a gym and a Turkish steam bath.

The fully refurbished Grand Hotel Lublinianka, which is partly owned by the Group (75%) through its subsidiary company Lublin Grand Hotel Sp.zo.o. ("LGHS"), opened its doors to guests in 2002. The Grand Hotel Lublinianka is also operated by the Group's IBB Hotel Collection through its subsidiary company Lublin Grand Hotel Management Sp.zo.o. ("LGHM"), of which the guarantor is a 74.77% shareholder. The Management wishes to refurbish some of the areas by the end of 2018 in order to keep its leading position in the City of Lublin.

IBB Hotel Andersia is a 4-star hotel located in the Andersia Tower which was completed in August 2007, right in the centre of Poznań, surrounded by prestigious buildings, including Poznań Financial Centre, Andersia Business Centre and Stary Browar Shopping Mall. It is a modern deluxe hotel which offers 171 rooms and suites with an executive floor, retail outlets, restaurants, conference centre, banquet and ball rooms which can host up to 800 people. The hotel is also recognisable by its spa and wellness facilities, offering a large pool area, jacuzzi, saunas and a gym. 250 sqm on the ground floor are designated to Casinos Poland. The hotel is operated by the Group's IBB Hotel Collection through its subsidiary company Andersia Tower Hotel Management Sp.zo.o., of which the Guarantor is a 73.62% shareholder.

IBB Dlugi Targ has been a development project (with a development budget of approximately €11.5 million) was based on the refurbishment and conversion of three historical semi-detached city houses into a unique 89 room hotel with a total area of approximately 4,500 sqm. During the course of the development, the Group has upgraded the hotel from a 3-star category to a 4-star category.

The IBB Hotel Długi Targ in Gdańsk opened its doors for business during April 2018 and is managed by the Group's IBB Hotel Collection. The building has also prime retail space on the ground floor of approximately 1,000 sqm which has been rented out to a casino operator, who is expecting to receive the operating licence by the Polish government.

Długi Targ Hotel project is the Group's first development project in Gdańsk and the Group is actively observing the local market for further opportunities in the region.

Hotel operations in Malta

Cugó Gran Macina Grand Harbour Hotel is a recent addition to the IBB Hotel Collection, opened in December 2017. The historic building, which was built in 1554 during the reign of Grand Master Claude de la Sengle, after whom Senglea is named, comprises 21 spacious double rooms and suites fully refurbished, and offers stunning views on the capital Valletta, as well as Fort St. Angelo. The Macina was originally used to hoist masts and other heavy cargo onto ships docked in the Grand Harbour, and was later used at the headquarters of the Labour Party.

The Hotel also includes the "Sheer Bastion", a rooftop venue for exclusive events. Additional facilities include the Hammett's Macina Restaurant on the ground floor with terrace, an outdoor rooftop pool on the second floor, as well as an area which is designated for use as a future spa. The Group operates this hotel, officially named Cugó Gran Macina Grand Harbour, under a management and operating agreement which was entered into on 13 January 2017 through its subsidiary company Senglea Hotel Operations Ltd. which, in turn, is wholly-owned by the Guarantor.

IBB Hammetts Operations Malta. The Group, through its subsidiary IBB Hotel Collection Holding S.L., entered into a joint venture in May 2017 with the principal object being the operation of three (3) catering establishments, namely:

(i) Hammett's Gastro Bar, Tigne Seafront, Sliema Malta, opened in July 2017;
(ii) The Sheer Bastion at Cugó Gran Macina Grand Harbour Hotel, Senglea, Malta, opened in December 2017; and
(iii) Hammett's Macina Restaurant at Cugó Gran Macina Grand Harbour Hotel, Senglea, Malta, opened in March 2018.

Furthermore, this joint venture allows the possibility for the Group to further expand its Food & Beverage operations through any opportunities that may arise in Malta in the future, some of which are currently being actively studied.

1.5 Operational Developments

1.5.1 Hotel operations in development

IBB Hotel Merkanti Valletta, Malta

IBB Hotel Merkanti Valletta is a recent project of IBB Hotel Collection that was signed and announced in November 2016. It will offer 18 double rooms in a stunning fully refurbished Valletta palazzo in Old Theatre Street, facing Piazza Merkanti in the downtown city centre of Malta's historic capital Valletta. The Group aims to have this hotel operating by the end of 2018.

IBB Hotel Kempten, Germany

IBB Hotel Kempten Allgäutower is a project of the IBB Hotel Collection with expected take-over of operations during 2018 after experiencing some delays on the part of its owners. IBB Hotel Kempten is located in the only tower in Kempten, a modern glass building known as the "Allgäu-Tower", in the shopping mile of Kempten city centre. Once fully operational, the Hotel will offer 100 rooms. The Hotel includes a Rooftop Restaurant and Bar called "Skyline", with an amazing view overlooking the Bavarian Alps.

IBB Hotel Eichstätt, Germany

IBB Hotel Eichstätt is another new project of IBB Hotel Collection. The lease contract for the operation of this hotel has been signed and hotel opening is planned for end of 2018. IBB Hotel Eichstätt, will be located in Eichstätt, a small but economically strong city near Ingolstadt (where the headquarters and main production plant of Audi are located), and will include up to 94 rooms as well as a modern Bavarian Wirtshaus (restaurant) and 40 underground parking spaces. Building permits have been granted, the excavation works have started and the interior design is complete.

IBB Resovia Hotel Rzeszów, Poland

The site with a hotel under construction is located in a business district of Rzeszów, next to Hilton Garden Inn, the Resovia Tower and Millennium Hall. The hotel will have 109 rooms and a restaurant with 45 covers and a bar. The hotel will have a summer terrace and 20 parking spaces. The lease agreement negotiations for the management of the Hotel was signed in April 2018. The IBB Resovia Hotel Rzeszów is expected to be operational in the latter half of 2020.

The Group is constantly evaluating new proposals in Poland, Malta and in Germany.

1.5.2 Other developments

Urbelia Business S.L. is a Spanish based company set up towards the end of 2017. The Group, through Timan Investments Holdings S.L., teamed up with investors having over 25 years' experience in the fuel station business. The company is set up to own, manage and operate 'low-cost' fuel stations and car washing facilities. The first two stations will be operating in the Spanish cities of Ciudad Real and Bailen during the course of 2018. The Group's objective is to build a portfolio of locations in Spain and beyond. This venture provides further diversification for the Von der Heyden Group in a business with recurring cash flow, low start-up costs and short payback period. The Group has a 69% stake in this joint venture company.

All prospective developments will be financed by the Group through equity, shareholder loans or bank financing.

2. Key Market Data

Poland

Poland is the most developed, diversified and mature economy across Central and Eastern Europe. Poland was the only country within the EU to avoid recession over 2008-2010 and has been outpacing EU-average GDP growth for many years. Poland is the largest beneficiary of EU funding and has reached high-income status over a relatively short period of time. Few middle-income countries have experienced such consistent broad-based growth, both fast and stable (on average 3.6% over the past decade). Strong domestic demand boosted real GDP growth to 4.6% in 2017 from 2.9% in 2016.

While Warsaw continues to be the country's key business centre, cities such as Cracow, Wrocław, Łódź, TriCity (Gdańsk, Gdynia, Sopot), Poznań and the Katowice conurbation have developed business-friendly environment and have attracted many foreign investors.

Tourism

The dynamically changing situation in the world, including the growing level of terrorist threats in the cities of Western Europe, changes the stream of demand towards Poland and Warsaw which are perceived as safe areas. During 2017 the foreign tourist arrivals in Poland have experienced double digit growth[1]. In the first three months of 2018 the number of incoming tourists increased by 6.95% with respect to the same period in 2017 according to Statistics Poland.

Property market

Poland's real estate market is second to none within the Central and Eastern Europe (CEE) region in terms of size, range and investor confidence. It offers yields which are more attractive than those found on Western Europe markets, while maintaining a low risk profile and relatively high liquidity. The country is also the largest CEE market (excluding Russia) in terms of volume of modern real estate stock. The pipeline supply remains high, supported by strong occupier demand. Despite some uncertainties connected with legal and tax regulations introduced or to be implemented, which delayed some investment decisions, the volume of investment transactions in 2017 reached € 5 billion, representing an 11% annual increase[2].

In view of extensive pipeline supply of office space in Warsaw and across most of the regional cities, rents and overall vacancy will most likely remain flat in the short and mid-term horizon. The vacancy rate within the office space segment decreased to 12%, which is 3.4 pp lower when compared to 2016.

Outlook

Poland's economy is expected to continue growing robustly with only limited moderation in 2019. Its economy is expected to continue growing robustly in 2018 by 4.3% with only limited moderation in 2019 at 3.7% according to the European Commission forecasts. Consumption and investment are the main growth drivers, supported by fast wage growth, strong consumer confidence and EU structural

[1] European Tourism – Trend and Prospects, Quarterly Report Q4/2017, European Travel Commission.
[2] The Polish Real Estate Guide 2018 Edition Poland, EY.

funds. Inflation is forecast to dip in 2018 and then increase on the back of rising wages. The headline fiscal deficit is projected to decrease slightly in 2018 and remain stable in 2019, while the structural fiscal balance is expected to continue deteriorating gradually.

Germany

The largest economy in Europe, Germany experienced a 2.2% growth during 2017 and the highest rate of expansion since 2011. Germany ranked among one of the most attractive business locations in the world and first in Europe according to the "European Attractiveness Survey 2017" conducted by Ernst & Young. Berlin, Frankfurt and Munich rank among the top 5 most attractive European cities. Germany ranks fourth internationally in terms of FDI projects attracted. Thanks to its geographic location, infrastructure and connectivity to other markets Germany has become Europe's prime logistics hub. Most of new projects open sales and marketing & support offices in Germany.

Tourism

The number of overnight stays in 2017 rose by 3% compared to 2016 to reach a new record of 459.6 million, with domestic tourists accounting for 375.7 million overnight stays, an increase of 3%. The number of foreign visitors in 2017 rose by 4% over the year to reach 83.9 million.

As reported by the Federal Statistical Office, in Germany the number of overnight stays in accommodation establishments with 10 or more bed places and in tourist campsites having 10 or more pitches increased by 9% to 33.2 million in March 2018, compared to the corresponding month of the preceding year. However, turnover in the German accommodation and food service activities in March 2018 decreased by 2.9% in real terms and decreased by 0.7% in nominal terms compared to the corresponding month of the previous year. While Destatis predicts Germany's tourism momentum to continue into 2018, the strength of its growth is forecast to possibly weaken. Whereas visitor numbers have showed that it grew by 3% in 2017, this year the German Hotel and Restaurant Association (DEHOGA) estimates that the number of overnight stays by visitors will increase by up to 2%.

Office market – Munich

Munich continues to enjoy excellent business perspectives while offering high quality of living. More than 1.5 million people currently live in Munich, and the population is expected to grow to 1.8 million by the year 2030. Due to the significant shortage of supply on the office market in Munich, companies are increasingly turning their attention to the peripheral submarkets which have experienced the highest absolute take-up volume of the last few years. Net absorption of almost 300,000 sqm reached its highest level for the past few years and take-up of 800,000 sqm is expected for 2018[3]. The volume of vacancies in Q4 2017 has reached its lowest level since the end of 2002 and has fallen by 1.4 million sqm since the last peak in 2011. The vacancy rate in the city area is only at 1.8% and in the periphery at 4.5% in Q1 2018[4]. Despite an increasing shortage of space, the project pipeline remains weak. Completions of buildings are increasing in 2019, however, due to the owner-occupier construction

[3] Office Market Profile, Munich 4th quarter 2017, JLL.
[4] Office Leasing Q1 2018, Munich, Colliers International.

activity, 85% of these spaces are already occupied. The prime rent has risen in all submarkets over the past five years, with the greatest increase of 40% in the Munich East submarket.

Outlook

The German economy is expected to continue growing steadily on the back of robust domestic demand, and strong foreign trade. Private consumption growth is being fuelled by the rise in real wages, which should continue as labour market constraints become apparent. Investment, particularly business investment, is also set to remain robust. Imports have been growing strongly, but the external surplus is set to remain high. Robust economic growth is projected to support a rise in the budget surplus and a sizeable decline in public debt.

Spain

Spain's output returned to pre-crisis levels in mid-2017, and is now growing at a much faster pace than the EU average. GDP growth remained strong in 2017, at 3.1%, above the euro area average for the third year in a row.

Tourism

According to a UN study, Spain improved its worldwide ranking to be the second-most popular destination with 82 million tourists in 2017 and 86.5 million expected for 2018. Average occupancy rate in 2017 was estimated at 61.1%, with an increase of 2.2% with respect to 2016. RevPAR increased by 9.4% during 2017. According to a study conducted by the World Travel & Tourism Council tourism provided 14.9% of Spain's GDP in 2017 with a total contribution of €172.9 billion (up by 8.8% from 2016) and is forecast to rise by 2.9% in 2018 whilst direct contribution is forecast to grow by 3.2%. Visitors' expense is expected to grow by 3.7% in 2018.

Outlook

After another year of robust real GDP growth in 2017, economic activity is expected to moderate, driven by a slowdown in private consumption. The European Commission forecasted a 2.9% annual growth in the Spanish GDP for 2018 and a slow-down in 2019 to 2.4%[5]. The growth outlook for 2018 and 2019 is set to be supported by the measures contained in the 2018 draft budget law. Unemployment is forecast to continue its rapid decline while headline inflation should moderate despite the projected pickup in wages. The fiscal deficit continues to narrow, but at a slower pace than in 2017 due to deficit-increasing measures.

Malta

Malta's economy is among the fastest growing economies in the EU, with record-low unemployment and moderate wage growth. Growth was predominantly driven by the services sector, particularly in areas such as tourism, remote gaming and professional services.

[5] Spring 2018 Economic Forecast – Spain, European Commission.

Tourism in Malta

Moving beyond its traditional image as a sun and sea destination, Malta has successfully repositioned its tourism sector by offering a broader range of tourism products, including cultural tourism, English-language training and conference and incentive travel. A significant expansion of flight connections combined with efforts to develop Malta as a city-break destination and investment in all year-round leisure facilities are complementing this strategy. The Government and the community have undertaken a number of initiatives, including the upgrading of the public and hospitality infrastructure, that are expected to help the country to attract a diverse range of visitors – from backpackers and honeymooners to travellers seeking the most luxurious experience.

The sector accounts for approximately 25% of Malta's GDP[6]. Visitor figures have experienced significant growth in recent years – while in 2005 Malta recorded 808,000 tourist arrivals, in 2017 the island counted 2.27 million guests. In the first three months of 2018 the number of inbound tourists further increased by 18.8% when compared to the same period in 2017.

Average occupancy in collective accommodation establishments during 2017 went up to 65.6% (+1.9%) compared to 2016. The best occupancy rates can be found in five and four-star hotels, the lowest rates these days are in guesthouses, two-star hotels and hostels.

In addition to the above, during 2018 the tourism-related activities are also benefiting from the appointment of Valletta as the European Capital of Culture in 2018, which, thanks to numerous projects, activities and events taking place, is attracting visitors to explore the island and its capital city, Valletta.

Outlook

Economic growth is projected to moderate but to remain vigorous over the forecast horizon. The current account and the budget balances are set to remain in surplus. Real GDP growth is forecast to average 5.8% for 2018 as a whole, in a context of favourable labour market conditions and high consumer confidence. In 2019, investment is expected to pick up further, supported by several projects in the health, technology and telecommunication sectors. With domestic demand projected to remain the main driver of growth, and a modest contribution from net exports, real GDP is set to increase by 5.1%.

[6] Tourism Sector Profile & Industry Insights, MaltaProfile.

3. Performance Review

During 2017 the Group issued a €25 million 7 year 4.4% bond via a subsidiary company, Von der Heyden Group Finance plc, which are currently listed on the Official List of the Malta Stock Exchange. Timan Investments Holdings Limited provided a guarantee in favour of the Bondholders. The subsidiary company is hence intended to serve as a vehicle through which the Group will continue to finance its current and future projects and/or enabling the Group to seize new opportunities arising in the market.

The Directors intend to continue to operate in line with their current business plan. The Group will continue to focus on the current real estate development projects underway while working to increase IBB Hotel Collection Group's portfolio of hotels in Germany, Spain, Poland and Malta.

At the time of publication of this Financial Analysis Summary, the Issuer and the Guarantor consider that their respective future performance is intimately related to the performance of the Group. The Issuer and Guarantor consider that generally they shall be subject to the normal business risks associated with the industries in which the Group and subsidiary companies are involved and operate as disclosed in this Financial Analysis Summary, and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of their respective businesses and that of the Group, at least up to the end of the next financial year.

3.1 Historical Financial Performance and Forecasts

The Issuer was incorporated on 15th September 2016 essentially as a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies. The Issuer's audited financial statements as audited by RSM Malta cover the financial period ("FP") from incorporation to the 31 December 2017. The Issuer also conducted a non-statutory audit covering the financial period from incorporation to 31st December 2016.

The Guarantor's historical financial information for the three financial years ended 31 December 2015, 2016 and 2017 as audited by RSM Malta, is set out in the audited consolidated financial statements of the Guarantor hereunder. Forecasts are based on management's projections for the coming year.

3.1.1 Income Statement – Issuer

€	FP16A	FP17A		FY18F
	Sept 2016 – Dec 2016	Sept 2016 – Dec 2017		Jan 2018 – Dec 2018
Interest income	32	1,104,314		1,525,000
Interest expense	-	(895,278)		(1,1000,000)
Gross profit	**32**	**209,036**		**425,000**
Administrative Expenses	(122,091)	(444,309)		(350,000)
Profit / (Loss) before tax	**(122,059)**	**(235,273)**		**75,000**
Tax credit / (expense)	(5)	(21)		-
Profit / (Loss) for the year	**(122,064)**	**(235,294)**		**75,000**
Ratio Analysis				
Gross profit margin	*n/a*	*18.9%*		*27.9%*
Net margin	*n/a*	*-21.3%*		*4.92%*
Source: Audited Financial Statements and management information				

During 2017, the Issuer made available from its net bond proceeds financing in the form of loans to the Group's subsidiary and associate companies on a gradual basis. The Issuer lent most of its net bond proceeds at an arm's length interest rate of 7.5% to the Group's subsidiaries. The Issuer reported a net loss of €235,294 from the date of incorporation to 31st December 2017, mainly as a result of the fact that part of the bond proceeds were not yet disbursed as at year end. The 2017 results include also a loss of €122,064 generated in the last four months of 2016, when the Issuer had not yet commenced its lending operations to the Group companies.

The Issuer expects to generate a net profit for the financial year 2018 of approximately €75,000 as a result of the first full year of revenue being generated from the lending operations to Group companies.

3.1.2 Balance Sheet – Issuer

€	FP16A	FP17A	FY18F
Assets			
Current Assets			
Cash and cash equivalents	444	3,098,627	2,071,273
Trade and other receivables	-	874,477	1,443,303
Non-current Assets			
Loan receivables	-	21,700,000	22,230,000
Total assets	**444**	**25,673,104**	**25,744,576**
Equity and Liabilities			
Share capital	50,000	250,000	250,000
Accumulated Losses	(122,064)	(235,294)	(160,294)
Total equity	**(72,064)**	**14,706**	**89,706**
Current Liabilities			
Borrowings	45,000	-	-
Trade and other payables	27,508	908,179	904,651
Non-current liabilities			
Bond	-	24,750,219	24,750,219
Total liabilities	**72,508**	**25,658,398**	**25,654,870**
Total equity and liabilities	**444**	**25,673,104**	**25,744,576**
Ratio analysis			
Current ratio	*n/a*	*4.37x*	*3.88x*
Net Debt / Equity	*n/a*	*1472.3x*	*252.8x*

Source: Audited Financial Statements and management information

For FY16, the Issuer reported total assets of €444 and total liabilities of €72,508 resulting in a negative equity position of €72,064 as a result of the accumulated losses for the period. However, for FY17 the Issuer retained a positive equity position of €14,706. This equity position is expected to further improve as of FY18 and subsequent years.

During FY17 the Issuer reported total assets of €25,673,104 as a result of the bond issue, which proceeds were lent to related party companies. Compared to the 2017 forecasts, as at the end of 2017 the Issuer had not yet lent to Group companies all the bond proceeds, since a number of investment opportunities were still under evaluation.

Management expects total assets for FY18 to remain in line with FY17 and to disburse part of the remaining bond proceeds as soon as investment opportunities arise.

Total liabilities increased to €25.6 million and primarily consist of the €25 million bond. Share capital increased from €50,000 to €250,000 following a €200,000 capital injection carried out in January 2017.

3.1.3 Cash flow Statement – Issuer

€	FP16A	FP17A	FY18F
	Sept 2016 – Dec 2016	Sept 2016 – Dec 2017	Jan 2018 – Dec 2018
Cash flows from operating activities			
Loss from operations	**(112,088)**	**(1,305,833)**	**75,000**
Movement in trade and other receivables	-	(150,553)	(568,826)
Movement in trade and other payables	17,505	908,179	(3,528)
Cash used in operations	**(94,583)**	**(548,207)**	**(497,354)**
Interest Received	32	-	889,209
Tax paid	(5)	(21)	-
Net operating cash flows	**(94,556)**	**(548,228)**	**391,855**
Cash flows used in investing activities			
Loans to related parties	-	(21,700,000)	(1,419,209)
Interest received	-	380,390	-
Net cash flows used in investing activities	**-**	**(21,319,610)**	**(1,419,209)**
Cash flows from financing activities			
Issue of share capital	50,000	250,000	-
Advances from ultimate parent company	45,000	-	-
Net bond issue proceeds	-	24,716,465	-
Net cash generated from financing activities	**95,000**	**24,966,465**	**-**
Net movement in cash flows	**444**	**3,098,627**	**(1,027,354)**
Cash and cash equivalents at beg of year	**-**	**-**	**3,098,627**
Cash and cash equivalents at end of year	**444**	**3,098,627**	**2,071,273**

Source: Audited Financial Statements and management information

During FP17 the Issuer reported a net cash outflow of €548,228 from operating activities. Cash used in investing activities primarily comprises of the loans to related parties. Cash from financing activities mainly include the share capital injection of €250,000 and the net bond proceeds which amounted to €24,716,465.

3.1.4 Variance Analysis - Issuer

As mentioned in the beginning of this section, the 2017 audited financial statements of the Issuer covered the 16-month period from incorporation to the 31st December 2017. For the purpose of the variance analysis the Issuer prepared pro-forma income statement and cash flow statement covering the 12-month period from the 1st January 2017 to the 31st December 2017. Accordingly, the following variance analysis has been performed with respect to the pro-forma statements.

Income Statement

€	FY17 Pro-forma	FY17F	Variance
Interest income	1,104,282	1,100,000	4,282
Interest expense	(895,278)	(900,000)	4,722
Gross profit	**209,004**	**200,000**	**9,004**
Administrative Expenses	(322,218)	(350,000)	27,782
Loss before tax	**(113,214)**	**(150,000)**	**36,786**
Tax expense	(16)	-	(16)
Loss for the year	**(113,230)**	**(150,000)**	**36,770**

Source: Audited Financial Statements and management information

FY17 pro-forma results were broadly in line with forecast 2017 figures, except for lower than forecasted administrative expenses incurred by the Issuer.

3.1.5 Income Statement – Guarantor

The consolidated Group includes 26 subsidiaries and 5 associates in various countries.

€	FY15A	FY16A	FY17A	FY18F
Revenue	13,372,742	17,307,266	19,360,281	24,135,906
Other Operating Income	392,857	115,384	262,477	100,824
Total revenue	**13,765,599**	**17,422,650**	**19,622,758**	**24,236,730**
Staff Costs	(4,158,481)	(5,473,181)	(7,192,561)	(7,998,959)
Operating expenses	(9,776,004)	(11,033,799)	(12,997,492)	(14,848,170)
EBITDA	**(168,886)**	**915,670**	**(567,295)**	1,389,601
Depreciation and amortisation	(435,360)	(503,476)	(905,158)	(1,014,395)
Operating Profit / (Loss)	**(604,246)**	**412,194**	**(1,472,453)**	**375,206**
Investment loss	(28,892)	(23,207)	(45,200)	-
Interest income and other related income	567,055	975,431	1,194,635	1,349,819
Interest expense and other related expenses	(914,081)	(1,321,070)	(2,537,049)	(2,390,182)
Share in profit / (loss) from associates	8,488	9,995	(14,981)	-
Profit / (Loss) before tax	**(971,676)**	**53,343**	**(2,875,048)**	**(665,157)**
Tax credit / (expense)	68,050	(54,774)	(262,682)	(59,864)
Profit / (Loss) for the year	**(903,626)**	**(1,431)**	**(3,137,730)**	**(725,021)**
Other comprehensive Income:				
Movement in fair value of available for sale investments	19,439	(3,738)	(32)	-
Movement in fair value of land and buildings	-	-	2,240,198	2,367,608
Movement in currency translation reserve	-	-	945,268	-
Other comprehensive income	-	-	45,200	-
Total comprehensive (loss) / income for the year	**(884,187)**	**(5,169)**	**92,904**	**1,642,587**
Ratio Analysis				
Revenue Growth (YoY)	*11.9%*	*29.4%*	*11.9%*	*24.7%*
EBITDA Margin	*-1.3%*	*5.3%*	*-2.9%*	*5.8%*
Operating Margin	*-4.5%*	*2.4%*	*-7.6%*	*1.6%*
Net Margin	*-6.6%*	*0.0%*	*-16.2%*	*-3.0%*
Interest Coverage	*-0.2x*	*0.7x*	*-0.2x*	*0.6x*

Source: Audited Financial Statements and management information

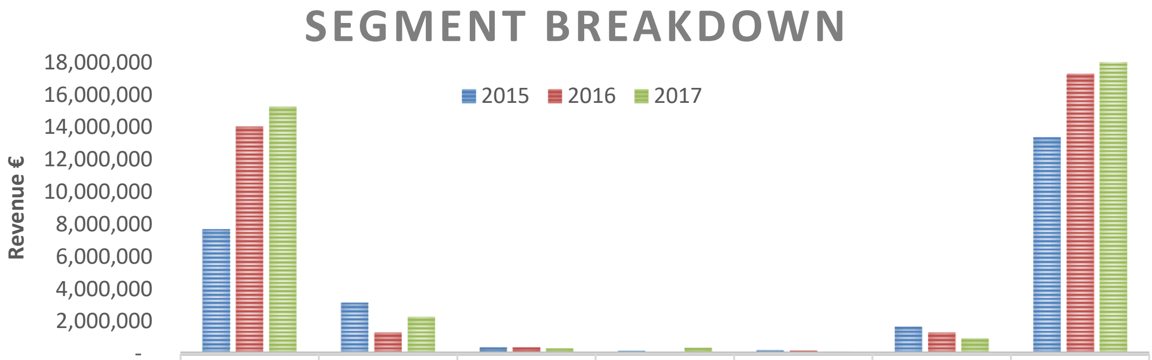
FY16 reflected the initial fruits of the focus on developing the hotel operations of the Group. Group performance improved overall on the previous reporting period across different financial metrics including revenue, operating income and net income.

FY17 was impacted by the commencement of new hotel operations, which determined a significant increase in expenses that more than off-set the relevant increase in revenue. This resulted in a deterioration of the different financial metrics.

The financial results reflect the transitory process of the Group, whereby the company expects the overall profitability and financial position of the Group to improve considerably over the next reporting periods as key projects come to fruition.

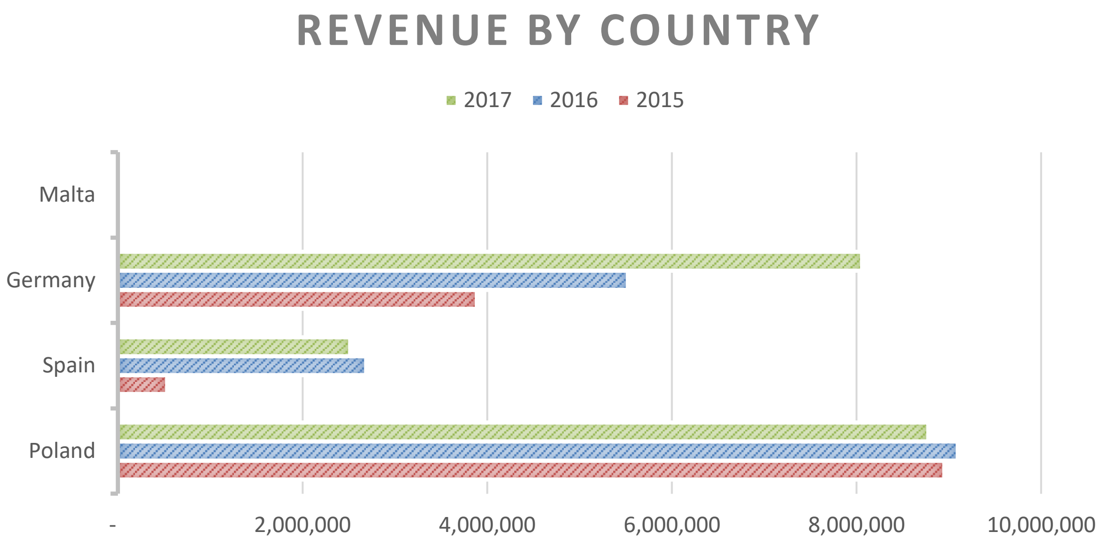
The principal revenue stream of the Group is income generated from accommodation fees from its managed hotels and food and beverage revenue from these hotels. The most significant hotel management revenue in FY17 streams were derived from the two managed hotels in Poland, the IBB Andersia Hotel and the IBB Grand Hotel Lublinianka. Revenues in Poland represent 45% of the total revenues of the Group while Germany represents 42% of the total revenues as at the end of 2017.

Revenue in 2016 increased by €4 million from financial year 2015 as a result of a sharp increase in revenues from hotel operations due to changes in the consolidation perimeter of the Group.



	Accomodation	Catering	Lease	Admin & consulting	Development	Other	Total
2015	7,695,893	3,154,020	414,514	184,511	240,042	1,683,762	13,372,742
2016	14,030,459	1,316,161	415,785	15,453	204,889	1,324,519	17,307,266
2017	15,257,079	2,294,377	329,672	385,700	123,738	969,715	19,360,281

FY17 was a transition year because several hotels were opened such as IBB Hotel Ingelheim, IBB Hotel Paderborn and Cugó Gran Macina Grand Harbour Hotel. This was reflected in a €2 million increase in revenue, stemming primarily from the hotel operations in Germany.



Revenue from operations in Malta were negligible between 2015 and 2017. Sharp increases were registered in Germany and Spain attributed to the hotel operations in these countries and to changes in the perimeter of consolidation. Poland remained a relatively stable and important region for the Group representing a total 45% of the revenues. The Group expects revenues from Malta to start to contribute more significantly in FY18, which will be the first full year of operations of the Cugó Gran Macina Hotel as well as the start of IBB Hammetts Operations and the opening of the IBB Valletta Merkanti.

The results are expected to improve significantly in 2018 since the hotels that opened during 2017 will be fully operational and the IBB Hotel Dlugi Targ in Gdansk that opened in April 2018 is expected to contribute to a material increase in the Group's turnover. Nevertheless, the Group will continue the expansion programme of its IBB Hotel Collection during the course of 2018 and this will result in pre-opening costs for the new hotel operations.

During 2017 the revenue rise was off-set by a number of items affecting the Group results. These included:

a) Pre-Opening costs of new hotel openings during 2017. These include setting up of all hospitality systems, staff recruitment & training, marketing/PR and procurement.
b) Strengthening of the Group management team in anticipation of its expansion program over the coming 5-year period.
c) Changes in depreciation rates in Spanish subsidiaries to align them with the rest of the Group which resulted in a €300k increase in the depreciation charge.

These resulted in an operating loss of €1,472,453 compared to the operating profit of €412,194 in 2016.

Management expects staff costs and operating expenses in 2018 to increase to €8 million and €14.8 million as a result of the new hotel operations that commenced during 2017 and due to the start-up costs incurred / to be incurred in relation to the opening of three new hotels during 2018, namely IBB

Dlugi Targ, IBB Hotel Merkanti and IBB Hotel Kempten. The Group forecasts an operating profit of €375.2k for FY18.

During FY17 interest expenses increased from €1,321,070 to €2,537,049 primarily as a result of the interest payable on the bond issue and of an extraordinary foreign exchange loss of €751,882.

The Group posted a net loss of €3,137,730, compared to a loss of €1,431 in FY16.

Management forecasts a €2.4 million movement in fair value of land and buildings mainly relating to the Bavaria Towers project in Munich.

3.1.6 Balance Sheet – Guarantor

€	FY15A	FY16A	FY17A	FY18F
Assets				
Non-current assets				
Intangible assets	46,240	67,684	112,996	90,397
Property, plant and equipment	45,096,939	47,166,060	54,821,624	57,119,125
Loans and receivables	8,184,665	11,065,926	25,907,593	25,126,493
Investment in subsidiaries	594,378	14,151	-	-
Investment in associates	112,972	122,967	132,986	112,340
Other financial assets	10,233	157,270	272,095	203,095
Deferred tax assets	766,406	1,395,980	1,239,810	1,547,845
Total Non- current assets	**54,811,833**	**59,990,038**	**82,487,104**	**84,199,295**
Current Assets				
Inventories	100,444	127,176	179,933	219,933
Trade and other receivables	7,640,998	1,936,969	2,795,582	3,151,169
Current tax receivable	156,481	13,884	69,598	69,598
Available-for-sale financial assets	3,904	2,066	134	134
Cash and cash equivalents	3,170,856	2,942,505	6,906,858	5,067,839
Total current assets	**11,072,683**	**5,022,600**	**9,952,105**	**8,508,673**
Total assets	**65,884,516**	**65,012,638**	**92,439,209**	**92,707,968**
Equity and Liabilities				
Share capital	3,804,641	3,804,641	3,804,641	3,804,641
Share Premium Account	4,445,283	4,445,283	4,445,283	4,445,283
Other reserves	10,375,673	8,313,150	10,284,353	9,261,400
Currency translation reserve	1,115,055	1,148,654	1,471,734	1,471,734
(Accumulated losses)	(586,874)	(834,813)	(3,738,734)	(4,463,755)
Non-controlling interest	12,586,321	14,888,051	15,594,774	16,327,728
Total equity	**31,740,099**	**31,764,966**	**31,862,051**	**30,847,031**
Liabilities				
Non-current Liabilities				
Borrowings	18,471,542	18,505,105	44,496,654	47,000,398
Deferred tax liability	3,503,240	3,564,957	3,937,685	4,372,704
Provisions for other liabilities and charges	199,320	13,051	29,150	29,150
Total non-current liabilities	**22,174,102**	**22,083,113**	**48,463,489**	**51,402,252**
Current Liabilities				
Borrowings	8,830,775	7,733,597	7,074,926	7,735,090
Trade and other payables	3,045,490	3,187,949	4,866,189	2,544,388
Current tax liabilities	94,050	243,013	172,554	179,207
Total current liabilities	**11,970,315**	**11,164,559**	**12,113,669**	**10,458,685**
Total liabilities	**34,144,417**	**33,247,672**	**60,577,158**	**61,860,937**
Total equity and liabilities	**65,884,516**	**65,012,638**	**92,439,209**	**92,707,968**

Source: Audited Financial Statements and management information

	FY15A	FY16A	FY17A		FY18F
Ratio Analysis					
Profitability					
Return on Common Equity	*-2.8%*	*0.0%*	*-9.9%*		*-2.3%*
Return on Assets	*-1.3%*	*0.0%*	*-3.4%*		*-0.8%*
Solvency & Liquidity					
Net Financial Debt / Total Equity	*76.0%*	*73.3%*	*140.2%*		*161.0%*
Liabilities / Assets	*51.8%*	*51.1%*	*65.5%*		*66.7%*
Net Financial Debt / EBITDA	*-142.89x*	*25.44x*	*-78.73x*		*35.74x*
Current Ratio	*0.93x*	*0.45x*	*0.82x*		*0.81x*
Net Financial Debt / FCF	*-4.21x*	*8.02x*	*-7.99x*		*-26.53x*
CFO/EBIT	*5.97x*	*12.35x*	*0.04x*		*-0.06x*

During FY16 total non-current assets increased from €54.8 million to €60.0 million, mainly as a result of investment in property, plant and equipment and an increase in trade and receivables. The increase in property plant and equipment ("PP&E") was mainly due to the construction of the hotel in Poland IBB Dlugi Targ which was opened during April 2018. The increase of Non-current Assets was also due to the reclassification of the loan of an associate from short to long term.

Total current assets decreased from €11,072,683 in 2015 to €5,022,600 in 2016 as a result of a sharp decrease in trade and receivables. The reason of this decrease is due to the before mentioned reclassification of the loan of an associate from short to long term.

In sum, total assets decreased from €65,884,516 in 2015 to €65,012,638 in 2016.

During FY16 non-current liabilities and current liabilities remained at relatively similar levels to those in 2015, with no major movements registered in the financial period.

During FY17 non-current assets increased from €60 million to €82 million as a result of further investments in the Dlugi Targ Hotel and a €2,531,212 increase in fair value attributable to Grand Hotel Lublinianka and to the Andersia Silver property. Loan receivables also increased primarily through amounts given on lent to the parent company.

Current assets increased as a result of a higher cash balance due to the fact that as at December 2017 approximately €3 million from the bond proceeds had not yet been invested.

Following the bond issue in March 2017, the Group's non-current liabilities increased from €22,083,113 in FY16 to €48,463,489 in FY17.

As at 31st December 2017 Group's borrowings amounted to €51.6 million, being primarily comprised of the bond issue, bank borrowings and loans from third parties. The Management explained that all the Group's bank borrowings are non-recourse, expect for a corporate cost-overrun guarantee of €3 million provided in favour of the financing bank of BTI. This guarantee is counter guaranteed by the shareholders of the same company, pro-rata to their shareholding. This guarantee will be released on completion of the construction works of the Bavaria Towers, which is expected by the end of 2018.

The Management of the company forecasts for 2018 that the level of PP&E will continue to increase based on the level of completion of the relevant projects. The Group also expect to deploy the remaining balance of the bond proceeds available at the end of FY17 as various projects develop and new ones come on the pipeline.

3.1.7 Cash Flow Statement – Guarantor

€	FY15A	FY16A	FY17A		FY18F
Cash flows from operating activities					
Operating profit /(loss) before working capital changes	186,085	526,602	(1,048,536)		1,389,602
Movement in inventories	(21,988)	(26,732)	(52,757)		(40,000)
Movement in trade and other receivables	(692,600)	5,658,120	(873,954)		-
Movement in trade and other payables	(2,364,025)	(72,954)	1,765,082		(1,318,275)
Movement in provisions	81,769	(186,269)	16,099		-
Interest received classified as operating	-	59,626	-		-
Interest paid classified as operating	-	(535,346)	-		-
Taxes (paid) / refunded	(795,571)	(331,071)	140,042		(53,211)
Net Cash generated (used in) / generated from operating activities	**(3,606,330)**	**5,091,976**	**(54,024)**		**(21,884)**
Cash flows (used in) investing activities					
Purchase of intangible fixed assets	(13,008)	(27,463)	(88,591)		-
Purchase of PP&E	(2,130,362)	(2,186,887)	(5,538,975)		(3,289,297)
Purchase of financial assets	(36,442)	(61,204)	(115,856)		69,000
Purchase of associate	-	-	(25,000)		20,646
Proceeds from sale of PP&E	29,553,214	246,004	11,469		-
Proceeds from sale of financial assets	87,492	-	-		-
Proceeds from sale of investments	-	9,131	1,031		-
Proceeds from sale of intangible asset	499	3,918	-		-
Proceeds from sale of available for sale investment	35,987	-	1,900		-
Interest received	567,055	915,805	1,428,928		1,349,819
Net movement in loans to parent company	-	-	(10,097,194)		-
Net movement in loans to related parties	4,599,238	-	(2,740,248)		-
Net movement in loans to other related companies	-	-	(1,794,854)		-
Net movement in in amount due from UBO	-	-	15,546		-
Net movement in directors' account	-	-	(20,000)		-
Foreign Exchange	(504,028)	-	-		-
Net Cash (used in) / generated from investing activities	**32,159,645**	**(1,100,696)**	**(18,961,844)**		**(1,849,832)**

€	FY15A	FY16A	FY17A	FY18F
Cash flows from financing activities				
Net movement in loans from group companies	-	56,685	-	-
Net movement in shareholders loans	-	2,791,010	(521,934)	-
Net movement in loans from ultimate parent	-	(2,847,575)	2,840,000	191,614
Net movement in bank borrowings	(24,946,208)	(469,510)	3,146,435	3,095,000
Net movement in related party borrowings	2,011,600	(374,597)	(3,950,907)	743,699
Net movement in third party borrowings	(5,903,267)	2,425,609	(132,185)	(1,444,420)
Dividends paid	(3,500,000)	-	-	-
Issuance of bonds	-	-	24,774,113	-
Interest paid	(914,081)	(785,724)	(2,401,267)	-
Other borrowings	1,724,381	(5,265,176)	(756,484)	(2,390,182)
Net cash (used in) / generated from financing activities	**(31,527,575)**	**(4,469,278)**	**22,997,771**	**195,711**
Effect of changes in foreign exchange	-	249,647	(17,550)	(163,014)
Net movement in cash flows	**(2,974,260)**	**(228,351)**	**3,964,353**	**(1,839,019)**
Cash and cash equivalents at beg of year	**6,145,116**	**3,170,856**	**2,942,505**	**6,906,858**
Cash and cash equivalents at end of year	**3,170,856**	**2,942,505**	**6,906,858**	**5,067,839**

Source: Audited Financial Statements and management information

The main movements in the cash flow of 2015 were affected by the sale of the company Andersia Business Center Sp zo.o.

During FY16 net cash from operating activities increased by €8,698,306 as a result of both a sharp decrease in receivables and a slight decrease in the movement of payables from the previous reporting period. The change of net cash from operating activities was significantly affected by the reclassification of loans receivable from short term to long term.

Net cash from investing activities involved an outflow of €1,100,696 mainly attributed to the purchase of plant, property and equipment. This increase of PP&E was mainly due to the works done in the hotel in Poland IBB Dlugi Targ.

Cash from financing activities included the repayment of borrowings which resulted in a net outflow of €4,469,278.

The aggregate movement in cash flows for FY16 was an outflow of €228,351, decreasing the cash and cash equivalents for the year to €2,942,505.

During FY17 the Group's net cash from operating activities decreased by €5,146,000 compared to FY16 as a result of higher operating expenses and staff costs incurred during the year. When compared to FY16, which, as explained above, benefited from a positive movement in trade and other receivables due to the reclassification of loans from short term to long term, during FY17 trade and other receivables increased by €873,954, whilst trade and other payables increased by €1,765,082.

Net cash used in investing activities increased to €18,961,844 as a result of purchase of property plant and equipment related to the IBB Hotel Dlugi Targ and loans advanced mainly to related companies from the bond issue proceeds.

The Group posted net cash from financing activities of €22,997,771, mainly as a result of the bond issue in March 2017.

Overall cash and cash equivalents increased by €3,964,353 to €6,906,858 at the end of FY17.

Management forecasts that the cash flow of 2018 will be impacted by further investments in PP&E.

3.1.8 Variance Analysis Guarantor

Income statement

€	FY17A	FY17F	Variance
Revenue	19,360,281	18,644,000	716,281
Other Operating Income	262,477	50,000	212,477
Total revenue	**19,622,758**	**18,694,000**	**928,758**
Staff Costs	(7,192,561)	(5,913,000)	(1,279,561)
Operating expenses	(12,997,492)	(11,000,000)	(1,997,492)
EBITDA	**(567,295)**	**1,781,000**	**(2,348,295)**
Depreciation and amortisation	(905,158)	(513,000)	(392,158)
Operating Profit / (Loss)	**(1,472,453)**	**1,268,000**	**(2,740,453)**
Investment loss	(45,200)	-	(45,200)
Net interest expense and other related expenses	(1,342,414)	(1,799,000)	456,586
Share in profit / (loss) from associates	(14,981)	-	(14,981)
Loss before tax	**(2,875,048)**	**(531,000)**	**(2,344,048)**
Tax credit expense	(262,682)	-	(262,682)
Loss for the year	**(3,137,730)**	**(531,000)**	**(2,606,730)**

Source: Audited Financial Statements and management information

Staff costs and operating expenses were higher than expected due to high pre-opening costs and the recruitment of senior management.

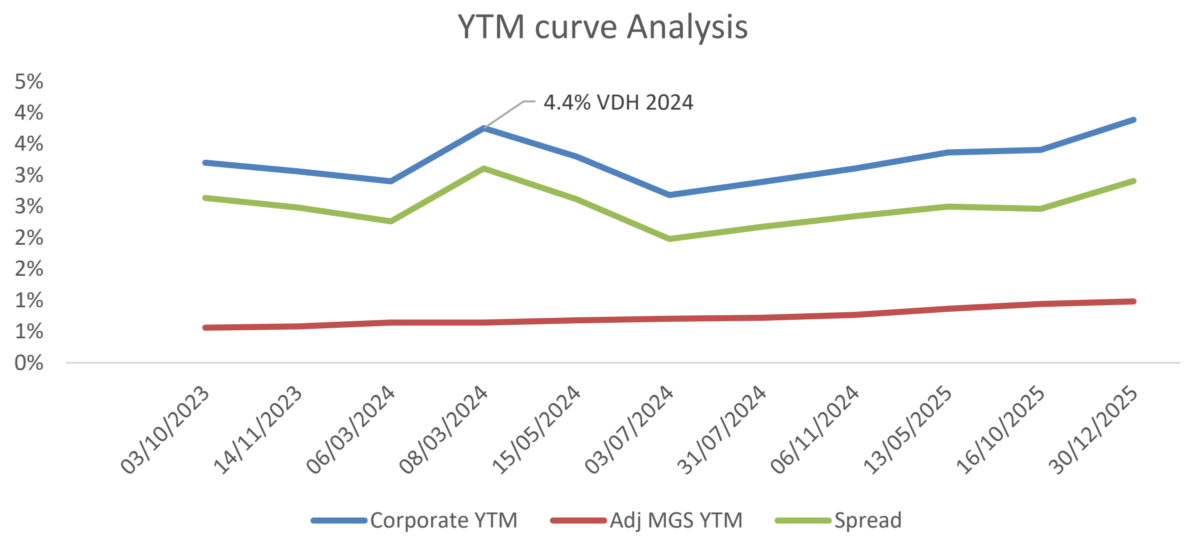
6. Comparables

The purpose of the table below compares the proposed debt issuance of the group to other debt instruments with similar duration. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

	Nominal Value (€)	Yield to Maturity	Interest Cover (times)	Current ratio (times)	Net Debt/ Equity (%)	Liabilities / Assets (%)
4.25% GAP Group plc Secured € 2023	40,000,000	3.20%	2.0	3.3	570.3%	88.2%
5.8% International Hotel Investments plc 2023	10,000,000	3.06%	2.8	1.5	57.1%	44.8%
6% AX Investments Plc € 2024	40,000,000	2.91%	4.4	0.8	35.3%	39.5%
4.4% Von der Heyden Group Finance plc Unsecured € 2024	25,000,000	3.75%	-0.2	0.8	140.2%	65.5%
6% international hotel Investments plc € 2024	35,000,000	3.30%	2.8	1.5	57.1%	44.8%
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	2.68%	3.9	2.0	84.1%	49.8%
5% Tumas Investments plc Unsecured € 2024	25,000,000	2.90%	7.5	1.6	51.8%	55.1%
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.11%	2.5	1.3	117.4%	63.1%
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	3.36%	2.8	1.5	57.1%	44.8%
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.41%	1.2	0.5	232.8%	71.8%

*based on 2017 audited financial statements

Figures are reported as at 15th June 2018.



As at 15th June 2018, the average spread over the Malta Government Stock (MGS) for corporates with a maturity range of 2023-2025 was 250 basis points. The 4.4% Von der Heyden Group Finance 2024 bond is currently trading with a spread of 311 basis points, therefore at a discount to the average spread on the market.

7. Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, that is, from its real estate development and hotel operations
Operating Expenses	Operating expenses include the cost of real estate developments and hotel operations
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Profit before Tax (PBT)	Profit before Tax is the profit is achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense.
Efficiency	
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by average shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Capital expenditure (CAPEX)	Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment, net of disposals and excluding non-recurring items. It is often used to undertake new projects or investments by the firm.
Free cash flows (FCF)	FCF is a measure of a company's financial performance, calculated as operating cash flow minus capital expenditures. FCF represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.

Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.