FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.
27th June 2017

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

27th June 2017

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"). The data is derived from various sources or is based on our own computations as follows:

(a) The forecast data for the financial years ending 31st December 2017 have been provided by management.

(b) Our commentary on the results of Timan Investments Holdings Ltd. (the "Guarantor") and the Von der Heyden Group of Companies (the "Group") and on its financial position is based on the explanations set out by the Issuer in the Prospectus dated January 30th, 2017 (the "Prospectus").

(c) 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.

(d) 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 Prospectus. 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 Bonds. 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 updated FAS. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,

Nick Calamatta

Director

TABLE OF CONTENTS

1. Scope of Analysis

In line with the Listing Authority Rules of the MFSA, this Financial Analysis Summary "FAS" represents an update to the one originally published on the 30th January 2017 as part of the Prospectus in relation to the issue of the €25 million Unsecured Bonds issuance programme and any update provided by the company thereafter. The scope of this FAS is to provide an update on the performance and financial position of Timan Investments Holdings Ltd. ("the Guarantor") and Von der Heyden Group Finance plc ("the Issuer"). The term "Group" refers to all the companies forming part of the Von Der Heyden Group of Companies, as set out in section 2.

2. Information about the Issuer and Group

2.1 Issuer and Guarantor's key activities and structure

Von der Heyden Group Finance plc ("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 Investment Holdings Ltd ("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 Euro 1 each fully paid up; and
- Trusthigh Holdings Limited 554,717 B Ordinary shares (14.58%) of Euro 1 each fully paid up.

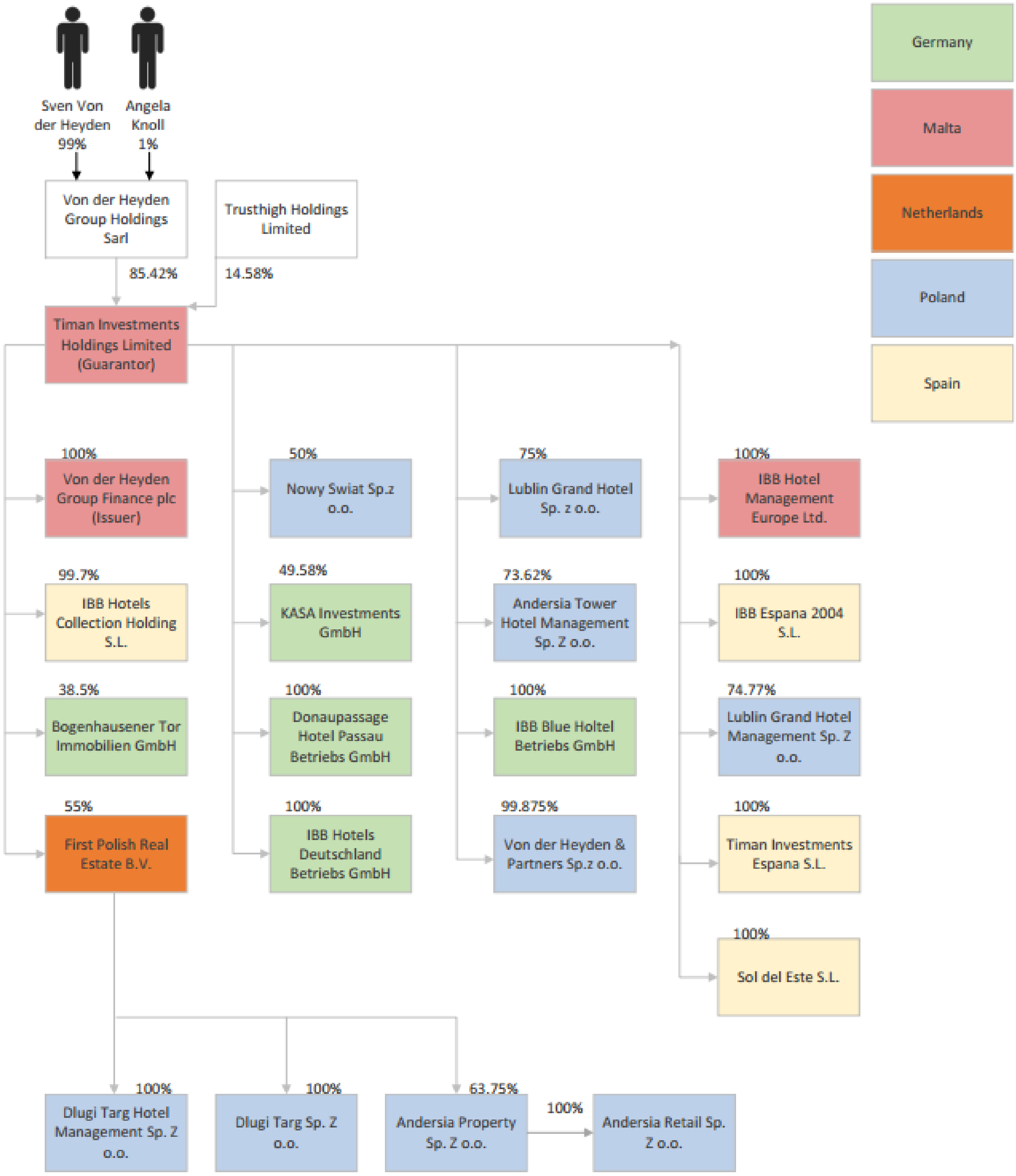
In terms of its Memorandum and Articles of Association, the Guarantor is controlled by Von der Heyden Group Holdings S.AR.L and, accordingly, the Group is ultimately controlled by Mr. Sven von der Heyden. The Group's parent company is TIH. TIH's principal Malta registered subsidiaries are VDHGF and IBB Hotel Management Europe Ltd ("IHME"). As at 4th October 2016, the Group had 25 subsidiary entities and 6 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 Andersia Retail Sp. z o.o. ("AR") that is involved in the future development of Andersia Silver, an office building in Poznan, Poland.

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. Spanish and German hotels are currently managed by IBB Management 2007 S.L. ("IMSL") whilst the Polish hotels are managed by IBB Polska Sp. z o.o. ("IPSZ"). These two hotel management companies offer services like a common booking online platform and marketing. IBB

Hotel Management Europe has taken over the management of all the portfolio of hotels held by the VDH Group.

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



2.2 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 Euro 350 million. The Group employs approximately 272 people. The Group has representative offices or investments in Warsaw, Poznan, Lublin, Gdansk, Amsterdam, Berlin, Leipzig, London, Mahón (Menorca), Madrid, Munich, Malta and Luxembourg and also has conducted or still conducts 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 has been involved in development projects in:

- Germany – including the Bavaria Towers Munich development;
- Poland – including the Liberty Corner Warsaw development and the Andersia Square Poznan development; and
- Spain – including the Cugó Gran Menorca boutique hotel development (see hotel management below).

Individual property developments are described in further detail in section 2.4.1.

Hotel management

The hotel management business line includes the management of hotels under the IBB Hotel Collection brand, in Germany, Poland, and Spain. Certain hotels under management are also currently owned by the Group. As at FY16, the Group had 8 hotels under management including 3 owned and managed hotels. Hotels under management are discussed in more detail in section 2.4.1.

2.3 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 four 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 of IBB Hotel Collection
Ms. Carolin Schraishuhn	Head of Financial Controlling Von der Heyden Group
Ms. Kinga Koninska	Head of PR & Marketing Von der Heyden Group
Mr. Adrian Sciberras	Head of Controlling of IBB Hotel Collection

2.4 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	Germany	Hotel management and operation	100%
IBB España 2004 S.L.	IBB Recoletos Coco Salamanca	Spain	Hotel management and operation	100%
IBB Hotel Collection Holding S.L. (formerly Asturme S.L.)	IBB Hotel Paradis Blau	Spain	Property owner	99.7%
IBB Hotels Deutschland Betriebs GmbH	IBB Hotel Ingelheim, IBB Hotel Kempten Allgäutower and IBB Hotel Paderborn	Germany	Hotel management and operation (future projects)	100%
IBB Hotel Management Europe Ltd	IBB Hotel Valletta Merkanti	Malta	Hotel management and operation (future project)	100%
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. o.o.	IBB Grand Hotel Lublinianka	Poland	Property owner	75%
Lublin Grand Hotel Management Sp. 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	100%
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	99.875%

2.4.1 Further details about projects and assets owned by the Group

2.4.1.1 Office development projects in development

Bavaria Towers

With a projected investment value of €154 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 building complex comprises a total of four pentagonal high-rises that account for 77,651m² 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, 24,347m² gross rental area, 300 parking spaces), White Tower (15 storeys, 53.6m high, 15.150m² gross rental area, 140 parking spaces), Sky Tower (20 storeys, 83.6m high, 26,246m² gross rental area, 380 parking spaces) and Star Tower (9 storeys, 46.1m high, 11,908m² gross rental area, 140 parking spaces).
The plot belongs to 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 acquired the future Sky Tower and Star Tower on a forward-funding basis, in confirmation of the strong reputation which the Group enjoys.
The White Tower and Blue Tower are currently being constructed 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 Ramada 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 and is one of the Group's largest hotel transactions to date. Completion is estimated for summer 2018. For more information visit: www.bavaria-towers.de/en

2.4.1.2 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 which will comprise of two towers to be developed in two stages.
Andersia Silver, with an expected height of 116 metres, will be the highest building in Poznań, previously being Andersia Tower which was 105.2 metres. All necessary planning permits for this project have already been obtained.
Full project and construction completion is expected prior to the end of 2020.

Nowy Swiat Atrium

Nowy Świat Atrium, having a planned investment value of €24 million, is to be realised in a 50-50 joint venture with GLL Real Estate Partners and 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 project, until now financed with equity and intercompany loans, is currently on hold due to planning and permission procedures, being more complicated than anticipated. In case the development is not possible in the foreseeable future the current shareholders intend to sell their interest in this property.

2.4.1.3 Hotel development and refurbishment projects in development

IBB Dlugi Targ
The Długi Targ development project (with an estimated development budget of €11 million) is based on refurbishment and conversion of three historical semi-detached city houses into a unique 90 room hotel with a total area of approximately 4,500m². The building will also have prime retail space on the ground floor of approximately 1,000m² for which the conclusion of a pre-lease is in its final stages.

The IBB Hotel Długi Targ in Gdańsk, Poland is scheduled to open in November of this year and will be managed by the Group's IBB Hotel Collection. Furthermore, the Group has decided upgrading the hotel from a 3-star category to a 4-star category instead.

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

2.4.1.4 Hotel operations

The Group manages its hotels through its brand IBB Hotel Collection (www.ibbhotels.com). The locally 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 nine 3-star to 5-star hotels.

Apart from operating IBB Grand Hotel Lublinianka and IBB Andersia Hotel in Poland, IBB Hotel Collection also operates one 4-star hotel and two 3-star hotels in Germany, as well as three hotels in Spain: one 5-star hotel, one 4-star hotel and one 3-star hotel.

Hotel operations in Germany
Both IBB Hotel Passau City Centre and IBB Hotel Passau Süd are operated by the Group through its subsidiary company Donaupassage Hotel Passau Betriebs GmbH, of which the Guarantor is the sole shareholder.

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.

The Group also operates IBB Blue Hotel Berlin-Airport in Germany, through its subsidiary company, IBB Blue Hotel Betriebs Gmbh, of which the Guarantor is sole shareholder. IBB Blue Hotel Berlin-Airport 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 meeting rooms.

Hotel operations in Spain

IBB Recoletos Coco Salamanca, a 4-star hotel, is 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 through its subsidiary company IBB España 2004 S.L., of which the Guarantor is sole shareholder. 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 Calan Porter, a very famous village in the island of Menorca known for its picturesque beaches and caves. After the termination of a lease agreement with an external operator, the Group refurbished the hotel in summer 2014 and added this hotel to its management portfolio. The hotel offers 59 renovated rooms, a bar and a swimming pool located on the terrace and is under the operation of the Group's IBB Hotel Collection through its subsidiary company Sol del Este S.L., of which the Guarantor is the sole shareholder. Apart from operating this hotel, the Group currently also wholly-owns the hotel through its subsidiary company IBB Hotel Collection Holding S.L.; however, given that this hotel does not fit the criteria of IBB Hotel Collection's expansion plans, the Group is contemplating the sale of this property.

IBB Hotel Cugó Gran is said 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 in a 250-acre estate, the villa 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 for exclusive use and can be booked for a minimum three or seven night stay. IBB Hotel Cugó Gran is wholly owned and operated by the Group through its subsidiary company, Timan Investments España S.L. For more information visit: www.cugogranmenorca.com.

2.4.1.7 Hotel operations in development

IBB Cugo Grand Harbour

IBB Cugo Grand Harbour is a recent project of IBB Hotel Collection, signed and announced in January 2017. It will be based in the former headquarters of the Malta Labour Party, the wedge-shaped Sheer Bastion also known under the name "il-Macina" located in Senglea, Malta. The historic building, consisting of 21 spacious double rooms and suites once fully refurbished, will offer stunning views on the capital Valletta, as well as Fort St. Angelo. Additional facilities will include a café bar on ground floor, a terrace with exclusive use and outside pool on the second floor, as well as an area which is designated for use as a spa. Furthermore, there will be a roof-top terrace and restaurant. The Group will operate this hotel, officially named Cugó Gran Macina Grand Harbour Hotel, under a management and operating agreement which was entered into on 13 January 2017 through its subsidiary company IBB Hotel Management Europe Ltd, which, in turn, is wholly-owned by the Guarantor. The Group aims to have this hotel operating in August 2017, subject to a punctual delivery of the building.

IBB Hotel Merkanti Valletta

IBB Hotel Merkanti Valletta is a recent project of IBB Hotel Collection, signed and announced in November 2016. It will offer 18 double rooms in a stunning fully refurbished Valletta palazzo in Old Theatre Street, facing the Piazza Merkanti in the downtown city centre of Malta's historic capital Valletta. Additional facilities will include a restaurant, a bar and coffee shop. The Group aims to have this hotel operating in December 2017, subject to a punctual delivery of the building.

IBB Hotel Ingelheim

IBB Hotel Ingelheim is a recent project of IBB Hotel Collection, announced in October 2015. It will offer 103 double rooms and 6 studios with a 3-star superior standard. Additional facilities will 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). The Group aims to have this hotel operating in summer 2017.

IBB Hotel Kempten

IBB Hotel Kempten Allgäutower is a recent project of the IBB Hotel Collection with expected opening in the fall of 2017. Once fully operational, it will offer 100 rooms. The hotel is located in a modern building in the city centre of Kempten, in the south of Germany, close to the shopping area and train station of the old town.

IBB Hotel Paderborn

IBB Hotel Paderborn is another recent project of the IBB Hotel Collection with expected opening in the summer of 2017 which, once fully operational, will offer 50 rooms. The hotel is located in a modern building in the city centre of Paderborn, in the west of Germany, close to the shopping area, university and train station.

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 the operation of three (3) catering establishments, namely:

(i) Food & Beverage operations of Cugó Gran Macina Grand Harbour Hotel, Senglea, Malta;
(ii) Food & Beverage operations of IBB Hotel Merkanti Valletta, Old Theatre Street, Valletta, Malta;
(iii) Hammett's Restaurant (former Reev Restaurant), The Strand, Sliema, Malta;

Furthermore, this joint venture allows the Group to further expand its Food & Beverage Operations in Malta in the near future.

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

3. Review of the business

The loss on the group's activities for the year after taxation amounted to €1,431 (2015: Loss of €903,626). During the year ended 31st December 2016, the Group experienced an increase in revenue mainly arising from the operations of the hotels. This resulted in an operating profit of €412,194 compared to the operating loss of €604,246 in 2015.

After year-end the group issued a €25 million 7 year 4.4% bond issue 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.

4. Performance Review 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 Guarantor's historical financial information for the three financial years ended 31 December 2014, 2015 and 2016 as audited by RSM Malta, is set out in the audited consolidated financial statements of the Guarantor. Forecasts are based on management's projections for the coming year.

4.1 Income Statement – Issuer

€	**FY16**	**FY17F**
Administrative Expenses	(122,091)	(300,000)
Bond issue expenses	0	(50,000)
Interest paid	0	(900,000)
Interest received	32	1,100,000
Profit / (Loss) before tax	**(122,059)**	**(150,000)**
Tax credit / expense	(5)	0
Profit for the year	**(122,064)**	**(150,000)**

The issuer reported a net loss of €122,064 for the financial year 2016. The issuer expects to generate a net loss for the financial year 2017 of approximately EUR 150,000. This is due to its operating expenses in the first quarter of the year prior to the bond issue as well as the placement expenses for its bond issue amounting to approximately EUR 300,000 in aggregate, which is amortized over the life time of the bond. Furthermore, the issuer, as planned and foreseen, is making available from its net bond proceeds financing in the form of loans to the Group's subsidiary companies on a gradual basis during the year 2017. This results in a negative interest margin, which however is improving during the year and which margin as of financial year 2018 will be positive resulting in a net profit onwards. The issuer is on lending its net bond proceeds at an arm's length interest rate of 7.5% to the Group's subsidiaries.

4.2 Balance Sheet - Issuer

€	**FY16**	**FY17F**
Assets		
Current Assets		
Cash and cash equivalents	444	1,300,444
Non-current Assets		
Loan receivables	**-**	23,300,000
Deferred bond issue costs		250,000
Interest receivable	**-**	1,100,000
Total assets	**444**	**25,950,444**
Equity and Liabilities		
Share capital	50,000	250,000
Accumulated Losses	(122,064)	(272,064)
Total equity	**(72,064)**	**(22,064)**
Current Liabilities		
Borrowings	45,000	0
Trade and other payables	27,508	72,508
Interest payable	-	900,000
Non-current liabilities		
Bond **payable**	**-**	25,000,000
Total liabilities	**72,508**	**25,972,064**
Total equity and liabilities	**444**	**25,950,444**

For FY ending 2016, 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.

4.3 Cashflow Statement – Issuer

€	FY16	FY17F
Cash flows from operating activities		
Cash (used in) / from operations	**(94,583)**	**(300,000)**
Interest Received	32	-
Final Withholding Tax	-5	-
Net operating cash flows	**(94,556)**	**(300,000)**
Cash flows from financing activities		
Issue of share capital	50,000	200,000
Advances from ultimate parent company	45,000	-
Net bond issue proceeds	**-**	24,700,000
Loans to group companies	**-**	(23,300,000)
Net cash used in financing activities	**95,000**	**1,600,000**
Net movement in cash flows	444	1,300,000
Cash and cash equivalents at beg of year	-	444
Cash and cash equivalents at end of year	444	1,300,444

The issuer reported an outflow of €94,556 from operating cashflows for the financial period. Cashflow from financing activities included the issue of share capital and advances from the Guarantor totalling €95,000. This resulted in an overall movement of €444 for the period.

4.4 Income Statement – Guarantor

€	FY15	FY16	FY17F
Revenue	13,372,742	17,307,266	18,644,000
Other Operating Income	392,857	115,384	50,000
	13,765,599	**17,422,650**	**18,694,000**
Staff Costs	(4,158,481)	(5,473,181)	(5,913,000)
Operating expenses	(9,776,004)	(11,033,799)	(11,000,000)
EBITDA	**(168,886)**	**915,670**	**1,781,000**
Depreciation and amortisation	(435,360)	(503,476)	(513,000)
Operating Profit	**(604,246)**	**412,194**	**1,268,000**
Investment (loss) / income	19,798	(5,340)	-
Interest income and other related income	567,055	975,431	-
Interest expense and other related expenses	(914,081)	(1,321,070)	(1,799,000)
Share in profit from associates	8,488	9,995	-
Fair Value movements	(48,690)	(17,867)	-
Profit / (Loss) before tax	(971,676)	53,343	(531,000)
Tax credit / expense	68,050	(54,774)	-
Profit / (loss) for the year	**(903,626)**	**(1,431)**	**(531,000)**
Other comprehensive Income:			
Movement in fair value of available for sale investments	19,439	(3,738)	-
Total comprehensive (loss) / income for the year	(884,187)	(5,169)	(531,000)

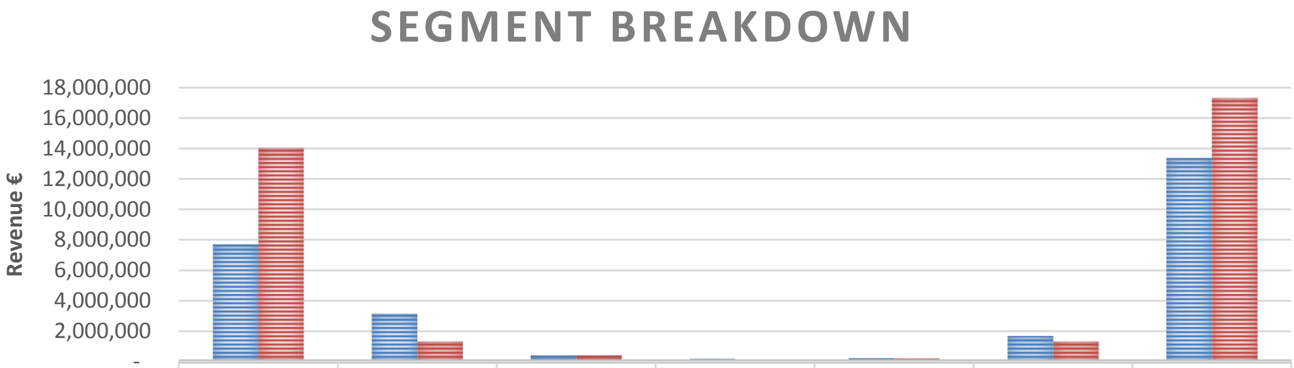
Note to the financial statements of the guarantor:

"The 2015 Group consolidated accounts have been restated to follow the equity method for the investments in associates at the Group level applied as of financial year 2016. This has resulted in reversing the fair value movements in one of the most important associates Bogenhausener Tor Immobilien GmbH in which the Bavaria Towers project is developed. The project is progressing with construction of the two towers being on schedule and completion estimated for mid-2018. The equity method currently applied on the consolidation does not allow to show any revaluation of an asset even if the construction is progressing and the Company has received a recent valuation of a certified independent valuator showing a value of EUR 150m (22nd December 2016). The Company only increases the value of this associate in its stand alone accounts through conservative increases of the fair value movements. The impact of the sale of Bavaria Towers once finished will be shown only when the project is sold and shall therefore result in a substantial profit for the Group on a consolidated basis.

*Despite this change in the consolidation method the Company shows a **positive performance between 2016 and 2015** with increases in its revenues (+€3.7m), its gross profit (+€1,36m), its operating profit (+€1,0m) and its EBITDA (+€1,08m)."*

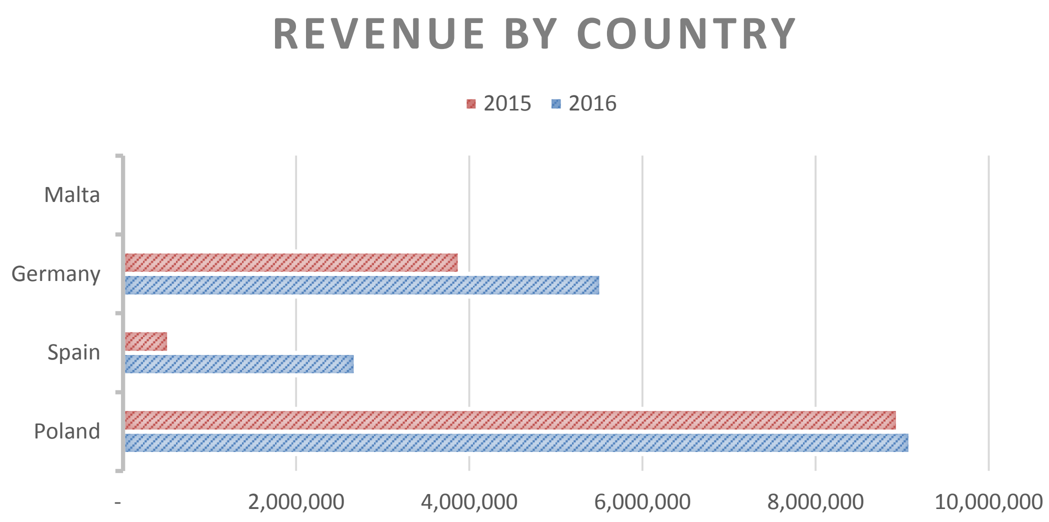
The principal revenue stream of the Group is income generated from accommodation fees from its managed hotels and food and beverage revenue from these hotels. The most significant hotel management revenue streams are derived from the two managed hotels in Poland, primarily the IBB Andersia Hotel and the IBB Grand Hotel Lublinianka. Revenues in Poland represent 53% of the total revenues of the Group while Germany represents 32% of the total revenues.

FY17 is expected to be a transition year due to the fact that several hotels will be opened such as IBB Hotel Ingelheim, IBB Hotel Paderborn, IBB Dlugi Targ and Cugó Gran Macina Grand Harbour Hotel. The results are expected to improve drastically from 2018 onwards.



	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

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 new companies being included in the consolidation of the group.



Revenue from operations in Malta were negligible for 2015 and 2016. Sharp increases were registered in Germany and Spain attributed to the hotel operations in the region. Poland remained a relatively stable and important region for the group representing a total 53% of the revenues. The group expects revenues from Malta to start to contribute in FY 2017.

In terms of operating profit, the group posted a gain of €412,194 in 2016 compared to a loss of €604,246 in 2015. Following on from this, the group registered a profit before tax of €53,343 compared to a loss of €971,676 in 2015. On an after tax basis, the group registered a net loss of €1,431 in 2016 compared to a net loss of €903,626 in 2015.

4.5 Balance Sheet – Guarantor

€	FY15	FY16		FY17F
Assets				
Non-current assets				
Intangible assets	46,240	67,684		43,000
Property, plant and equipment	45,096,939	47,166,060		47,779,000
Trade and other receivables	8,184,665	11,065,926		19,066,000
Investment in subsidiaries	594,378	110,522		5,000,000
Investment in associates	112,972	122,967		291,000
Other financial assets	10,233	60,899		
Deferred tax assets	766,406	1,395,980		750,000
Total Non- current assets	**54,811,833**	**59,990,038**		**72,930,000**
Current Assets				
Inventories	100,444	127,176		128,000
Trade and other receivables	7,640,998	1,936,969		2,380,000
Current Income Tax Assets	156,481	13,884		4,000
Available-for-sale financial assets	3,904	2,066		-
Cash and cash equivalents	3,170,856	2,942,505		9,768,000
Total current assets	**11,072,683**	**5,022,600**		**12,280,000**
Total assets	**65,884,516**	**65,012,638**		**85,210,000**
Equity and Liabilities				
Share capital	3,804,641	3,804,641		3,805,000
Share Premium Account	4,445,283	4,445,283		4,445,000
Other reserves	10,375,673	8,313,150		12,919,000
Reporting currency conversion reserve	1,115,055	1,148,654		807,000
Retained earnings	-586,874	-834,813		3,260,000
Non-controlling interest	12,586,321	14,888,051		10,867,000
Total equity	**31,740,099**	**31,764,966**		**36,103,000**
Liabilities				
Non-current Liabilities				
Borrowings	18,471,542	18,505,105		42,823,000
Deferred tax liability	3,503,240	3,564,957		3,460,000
Provisions for other liabilities and charges	199,320	13,051		78,000
Total non-current liabilities	**22,174,102**	**22,083,113**		**46,362,000**
Current Liabilities				
Borrowings	8,830,775	7,733,597		536,000
Trade and other payables	3,045,490	3,187,949		2,116,000
Current tax liabilities	94,050	243,013		94,000
Total current liabilities	**11,970,315**	**11,164,559**		**2,746,000**
Total liabilities	**34,144,417**	**33,247,672**		**49,108,000**
Total equity and liabilities	**65,884,516**	**65,012,638**		**85,210,000**

Total non-current assets increased from €60,0m to €54,8m; mainly as a result of investment in property, plant and equipment and an increase in trade and receivables. The increase in PP&E is mainly due to the construction of the hotel in Poland IBB Dlugi Targ which is expected to be opened by the end of 2017. The increase of Non-current Assets is 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 the associate from short to long term.

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

Non-current liabilities and current liabilities remained at relatively similar levels to those in 2015, with no major movements registered in the financial period. There was a decrease in current borrowings of €1.1 million which in sum, contributed to an unchanged level of equity (2016: €31,764,966; 2015: 31,740,099).

The Management of the company forecast for 2017 that the level of PP&E will continue in the same level and that the issuance of the bond will increase the long term borrowings and reducing the short term borrowings. The use of funds of the bond will also impact the loans and receivables which will also be increased.

4.6 Cashflow Statement – Guarantor

€	FY15	FY16	FY17F
Cash flows from operating activities			
Cash (used in) / from operations	186,085	526,602	-
Movement in Inventories	(21,988)	(26,732)	-
Movement in Trade and other receivables	(692,600)	5,658,120	-
Movement in trade and other payables	(2,364,025)	(72,954)	-
Movement in provisions	81,769	(186,269)	-
Interest received classified as operating	-	59,626	-
Interest paid classified as operating	-	(535,346)	-
Taxes paid	(795,571)	(331,071)	-
Net Cash generated from/ used in operating activities	**(3,606,330)**	**5,091,976**	**1,150,000**
Cashflows used in investing activities			
Interest received classified as investing	567,055	915,805	643,000
Net movement in loans to related parties	4,599,238	-	(7,645,000)
Purchase of intangible fixed assets	(13,008)	(27,463)	-
Purchase of PP&E	(2,130,362)	(2,186,887)	(3,099,000)
Purchase of financial assets	(36,442)	(61,204)	-
Proceeds from sale of PP&E	29,553,214	246,004	-
Proceeds from sale of financial assets	87,492	-	-
Proceeds from sale of investments	-	9,131	-
Proceeds from sale of intangible asset	499	3,918	-
Proceeds from sale of available for sale investment	35,987	-	-
Foreign Exchange	(504,028)	-	-
Net Cash generated (used in) / from investing activities	**32,159,645**	**(1,100,696)**	**(10,100,100)**
Cash flows from financing activities			
Net movement in loans from group companies	-	56,685	
Net movement in shareholders loans	-	2,791,010	
Net movement in loans from ultimate parent	-	(2,847,575)	
Net movement in bank borrowings	(24,946,208)	(469,510)	16,756,000
Net movement in related party borrowings	2,011,600	(374,597)	
Net movement in third party borrowings	(5,903,267)	2,425,609	
Dividends paid	(3,500,000)	-	
Interest paid	(914,081)	(785,724)	(1,799,000)
Other borrowings	1,724,381	(5,265,176)	
Net cash generated from / (used in) financing activities	**(31,527,575)**	**(4,469,278)**	**14,957,000**
Effect of changes in foreign exchange	-	249,647	-
Net movement in cash flows	**(2,974,260)**	**(228,351)**	6,006,000
Cash and cash equivalents at beg of year	**6,145,116**	**3,170,856**	2,942,505
Cash and cash equivalents at end of year	**3,170,856**	**2,942,505**	8,948,505

The consolidated Group includes 25 subsidiaries and 6 associates in various countries. The balance sheet of 2016 does not include the issuance of the bond which occurred in March 2017.

Net Cash from operating activities increased by €8,698,306 as a result both a sharp decrease in receivables and a decrease in the movement of payables from the previous reporting period. The change of net cash from operating activities is affected by the reclassification of loans from short term to long term. The group also reported an increase in cash from operations of €340,517 from FY15 to FY16.

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 is mainly due to the works done in the hotel in Poland IBB Dlugi Targ which will open in 2017

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

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

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

The management forecast that the cash flow of 2017 will be impacted by the issuance of the bond. The borrowings will increase the cash flow of the financing activities and consequently the cash flow of investing activities due to the use of funds of the bond.

4.7 *Key Assumptions Used in forecasts*

IBB Hotel expansion

	Germany	Poland	Spain	Malta
Rooms	100	140	100	20
Occupancy	67%	65%	65%	65%
Annual increase in occupancy	2.50%	2.50%	2.50%	2.50%
Average room rate (ARR)	65	60	60	180
Annual increase in ARR	2.50%	2.50%	2.50%	2.50%
Days Open	365	365	365	365
Revenue Rooms (EUR)	1,590	1,993	1,424	854

Real estate Developments and Investments

	Bavaria Towers	Andersia Silver	Other
Annual Rental Income	€6.5 million	€7.5 million	n/a
Exit Multiple	22	16	2
Year of Sale	FY18	FY20	3-4 years after investment
Expected Sale Price	€144 million	€120 million	

5. Summary and Ratio Analysis

	2015	2016
	€	€
Income Statement		
Revenue	13,372,742	17,307,266
Growth (YoY)	11.9%	29.4%
Operating Income (EBIT)	(604,246)	412,194
Operating Margin	-4.5%	2.4%
Net Income	(884,187)	(1,431)
Net Margin	-6.6%	0.0%
Balance Sheet		
Cash and Cash Equivalents	3,170,856	2,942,505
Total Current Assets	11,072,683	5,022,600
Total Non-Current Assets	54,811,833	59,990,038
Total Assets	65,884,516	65,012,638
Total Current Liabilities	11,970,315	11,164,559
Total Non-Current Liabilities	22,174,102	22,083,113
Total Debt	34,144,417	33,247,672
Total Equity	31,740,099	31,764,966
Net Debt	30,973,561	30,305,167
Cashflow		
Cash from Operations	(3,606,330)	5,091,976
Capex	2,130,362	2,186,887
Free Cash Flow	(5,736,692)	2,905,089
Ratios		
Profitability		
Return on Common Equity	-2.79%	0.00%
Return on Assets	-1.34%	0.0%
Solvency		
Net Debt / Total Equity	0.98	95.4%
Net Debt / Assets	0.47	46.6%
Net Debt / EBIT	N/A	73.52
Current Ratio	0.93	0.45
Net Debt/CFO	-0.12	0.17
CFO/EBIT	6.0	12.4
Interest Coverage	-66.1%	0.31

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. 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 germinate.

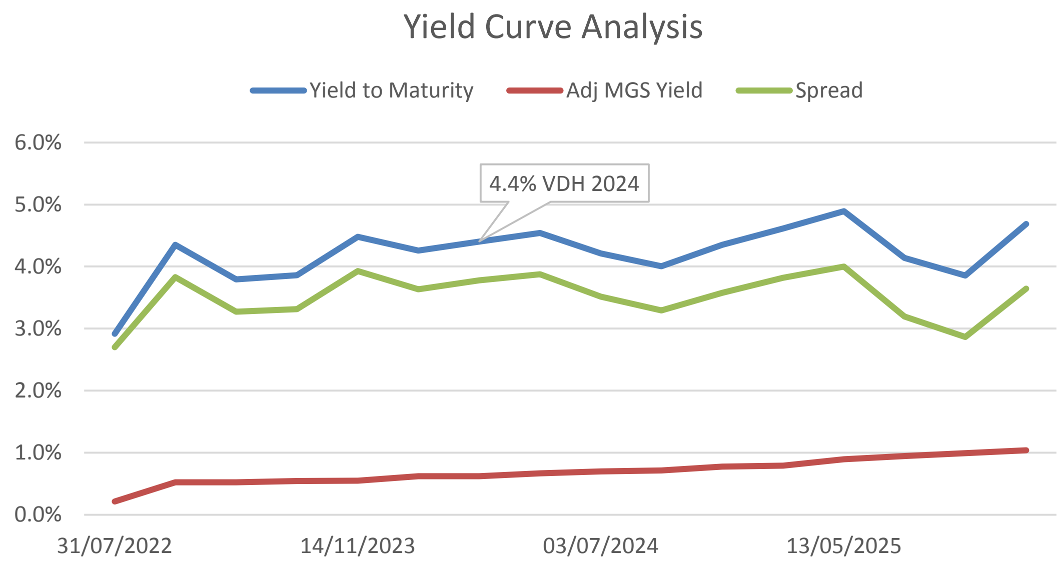
6. Comparables

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)	Total Assets (million)	Net Asset Value (million)	Net Debt/Capital (%)	Net Debt/ Equity (%)
6% Pendergardens Developments plc Secured € 2022 Series II	27,000,000	2.91%	1.5	63.3	11.5	47.5%	261.8%
6% Medserv plc Sec. & Grntd € Notes 2020-2023 S1 T1	20,000,000	4.35%	0	121.5	26.4	73.1%	336.4%
4.25% GAP Group plc Secured € 2023	40,000,000	3.79%	2.4	57.1	6.00	83.0%	788.8%
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	3.86%	1.44	13.6	4.5	59.3%	180.4%
5.8% International Hotel Investments plc 2023	10,000,000	4.48%	-0.2	1220.3	646.8	44.60%	84.10%
6% AX Investments Plc € 2024	40,000,000	4.26%	2.2	270.4	163.7	37.3%	61.6%
4.4% Von der Heyden Group Finance plc Unsecured € 2024	**25,000,000**	**4.40%**	**0.3**	**65.0**	**31.8**	**46.6%**	**95.4%**
6% Island Hotels Group Holdings plc € 2024	35,000,000	4.54%	-0.4	144.0	53.0	61.2%	166.2%
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	4.21%	3.1	72.1	30.4	51.40%	117.60%
5% Tumas Investments plc Unsecured € 2024	25,000,000	4.01%	2.6	181.4	81.4	48.60%	108.40%
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	4.35%	-2.3	82.1	32.3	71.50%	253.40%
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.61%	1.0	71.7	4.8	87.90%	1327.40%
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.89%	-0.2	1220.3	646.8	44.60%	84.10%
5.1% 6PM Holdings plc Unsecured € 2025*	13,000,000	4.14%	2.5	38.2	17.6	50.20%	108.70%
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.86%	1.2	97.0	28.2	67.90%	233.50%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000,000	4.68%	0.4	16.1	10.3	28.60%	44.90%

*based on interim financial statements

Figures are reported as at 9th June 2017.



As at 9th June 2017, the average spread over the Malta Government Stock (MGS) for corporates with a maturity range of 2022-2025 was 351 basis points. The 4.4% Von der Heyden 2024 bond is currently trading with a spread of 378 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 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.
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	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 operating profit of one period by the company's 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.