VON DER HEYDEN GROUP

FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.
28 August 2020

Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
Von der Heyden Group Finance p.l.c.
14 East, Level 8,
Gzira, GZR 1639,
Malta

28 August 2020

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**"), where the latter is the parent company of the Von der Heyden "**Group".** 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 2017, 2018 and 2019 has been extracted from the audited financial statements of the Issuer and Guarantor for the three years in question.

(b) The forecast data for the current financial year 2020 has been provided by management.

(c) Our commentary on the Issuer and Guarantor's results and financial position is based on the explanations provided by management.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) The principal relevant market players listed in Part 3 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 or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Nick Calamatta
Director

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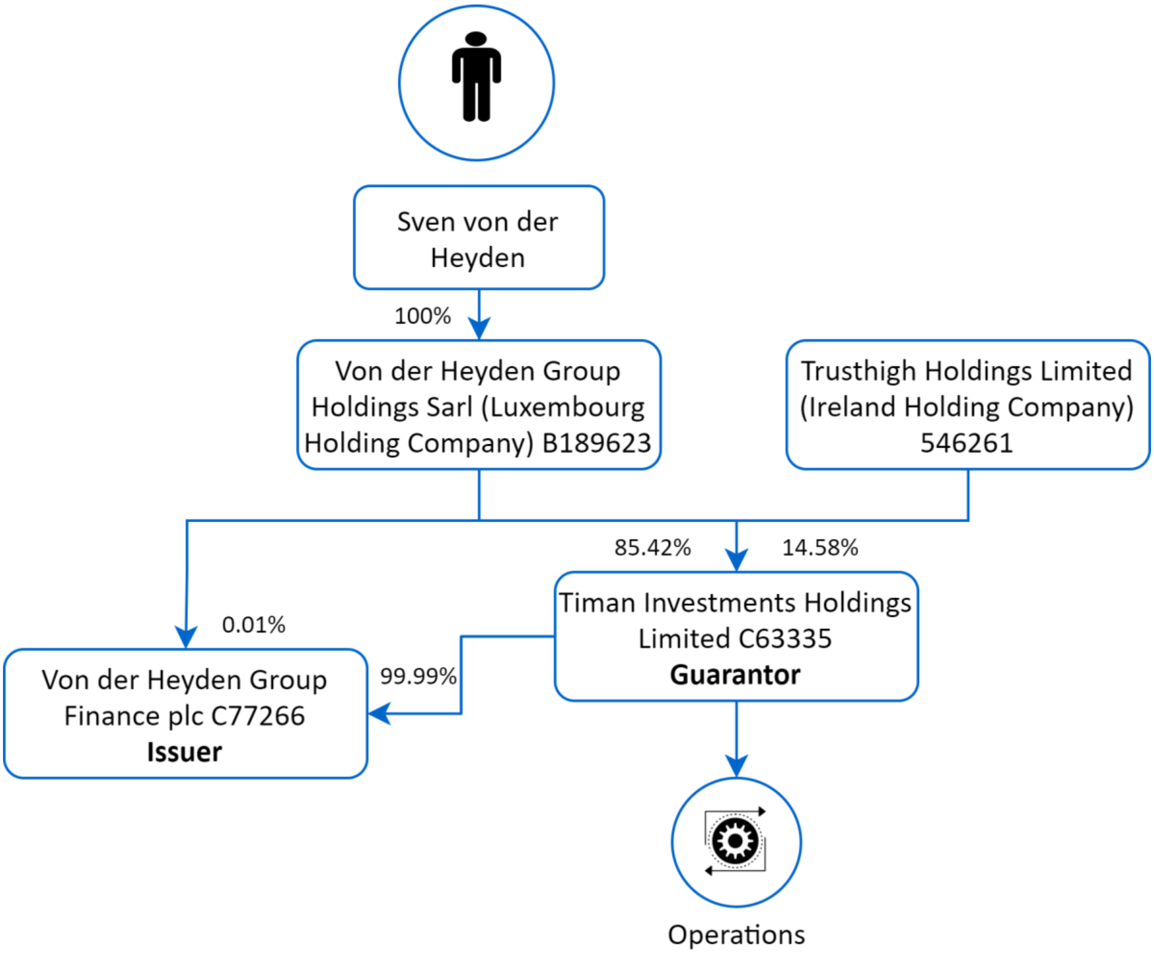
Part 1 - Information about the Issuer and the Guarantor

1.1 Issuer and Guarantor's Key Activities and Structure

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



Von der Heyden Group Finance plc, with Company registration number C 77266, is a limited liability company registered in Malta on September 15, 2016. The Issuer serves as the financing vehicle of the Von der Heyden Group. The issued share capital is, except for one ordinary share, held by TIMAN Investments Holdings Ltd.

The Guarantor of the debt securities, has company registration number C 63335 and is a limited liability company registered in Malta on December 31, 2013 as a continuing business from the Netherlands (previously TIMAN Investments Holdings B.V.) under Companies Act 1995. The principal activity of the Guarantor is to hold for capital growth and income generation, investments in subsidiary and associated entities. The Guarantor also provides financing to the 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, Ukraine, Spain, Portugal, Italy, Montenegro, and Malta.

The issued share capital of the Guarantor is held as follows:

- Von der Heyden Group Holdings S.à r.l. - 3,249,924 class A Ordinary shares (85.4%) of €1 each fully paid up; and
- Trusthigh Holdings Limited - 554,717 class B Ordinary shares (14.6%) 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.à r.l. and, accordingly, the Group is ultimately controlled by Mr. Sven von der Heyden. The Guarantor acts as the parent company of the Group and its principal Malta registered subsidiaries are the Issuer and IBB Hotel Management Europe Ltd ("IHME"). As at December 31, 2019, the Group had 31 subsidiary entities (2 of which are immaterial and as such not consolidated) and 7 associated entities registered in Germany, Poland, Ukraine, Spain, Portugal, Italy, Malta, Luxembourg, Montenegro, and the Netherlands.

As at December 31, 2019, the Group had 7 associated entities including Bogenhausener Tor Immobilien S.à r.l. ("**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 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 Group providing services such as corporate accounting, a common online booking platform, revenue management and marketing & sales.

History of the Von der Heyden Group

The Group was founded in 1989 and has completed investment programmes in real estate markets with a market value of over a half-billion Euro. The Group has representative offices in Ukraine (Kyiv), Poland (Warsaw, Poznan, Lublin and Gdansk), Germany (Berlin, Munich), Netherlands (Amsterdam), Luxembourg (Junglinster), Spain (Madrid, Menorca), Italy (Sardinia), Portugal (Carvoeiro) and Malta (Gzira) and has also recorded investments in New York, Atlanta, Dresden and Leipzig. With over 30 years of sound experience and continuing presence in European markets, the Group enjoys the trust of international financial institutions, funds and big market players, as well as embassies, governmental institutions and cities. https://www.vdhgroup.com/

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, Spain and Portugal. The Group's business activities are currently organised primarily across four lines of business:

- Real estate developments
- Real estate investments
- Hotel management
- Private equity and Other investments

Real estate developments

The real estate 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 provides development of hotels that are owned or managed by the Group as well as refurbishment and rehabilitation of historic and landmark buildings. During 2019, the Group was mainly focused on the finalisation of the development project in Munich, Bavaria Towers, as further explained in section 1.3 of the Analysis.

Moreover, the Group is currently involved, amongst others, in development projects in:

- Portugal - the Lagoa residential project development; and
- Poland - the Andersia Silver development.

Real estate investments

The real estate investments business line includes a portfolio of various commercial and residential real estate assets in Germany, Poland and Spain for rental income generation as well as capital appreciation (through yield compression and rental increase as well as value add and opportunistic investment strategies).

Hotel management

The hotel management business line includes the management of hotels under the IBB Hotel Collection brand, in Germany, Poland, Malta and Spain. The IBB Hotel Collection is divided further into three key brands: the IBB Blue represent the 3-star offering, the IBB is a 4-star brand and the Cugó Gran represents highly sophisticated boutique hotels. The Group's hotel portfolio is discussed in further detail in section 1.3 of the Analysis. See also: www.ibbhotels.com

Private equity and Other investments

The private equity investments business line provides for further diversification of the Group and includes various private equity-type investments including a travel agency, low-cost petrol stations and a portfolio of bankable and capital market assets.

The Group recently launched a real estate services operation in Sardinia that includes a range of real estate services, including rental and sale brokerage, property valuations, and other services, which is explained further in section 1.4 of the Analysis.

The Group is also involved in the setting up of a regulated real estate investment fund in Ukraine. The Group's private equity and other investments are further described in section 1.3 and 1.4 of the Analysis.

1.2 Directors and Key Employees

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, two of which are also independent of the issuer. Their 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
Mr Antonio Fenech	Executive Director, Chairman
Mr Robert Hendrik Rottinghuis	Executive Director, CEO
Mr Joseph Muscat	Independent, Non-Executive Director
Mr Jozef Bronislaw Borowski	Non-Executive Director
Mr Robert Aquilina	Independent, Non-Executive Director

On 1st August 2020, Antonio Fenech, Joseph Muscat and Jozef Borowski were appointed directors replacing Sven von der Heyden, Lino Casapinta and Kevin Deguara whose term of office expired on the 31st July 2020 and did not seek re-election. The business address of all the directors is the registered office of the Issuer.

The Guarantor, has a board consisting of four directors, comprising:

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

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

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 Tiana Vella	Head of Human Resources - Von der Heyden Group

The average number of employees employed by the Group during the year under review was 307 (FY18: 330), whilst the Issuer had an average of 6 employees (FY18: 6).

1.3 Major Assets owned by the Guarantor

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

Owning Company	Business Activity	Principal Assets / Operation	State	Country	%-Ownership
Andersia Property Sp. z o.o.	Real Estate Investments	Holding Company (100% in Andersia Retail)	Poznan	Poland	67%
Andersia Retail Sp. z o.o.	Real Estate Investments	4th Phase in Poznan 39,000sqm development	Poznan	Poland	67%
Nowy Swiat 5 Sp. z o.o.	Real Estate Investments	Central Business District plot 3,750sqm	Warsaw	Poland	100%
Von der Heyden & Partners Sp. z o.o.	Real Estate Investments	Owner - Plots of land, measuring 4,150 sqm	Warsaw	Poland	100%
Von der Heyden Development Sp. z o.o.	Real Estate Development	Development company for land owned by Von der Heyden & Partners	Warsaw	Poland	100%
KASA Investments GmbH	Real Estate Investments	Owner - 2,640sqm Residential Buildings	Various	Germany	50%
DGDV Capital Limitada	Real Estate Investments	Owner - 5,000sqm Residential Project	Algarve	Portugal	25%
Hot Spot Real Estate Limited	Real Estate Investments	Owner - 10,187sqm plot of land in Budva	Podgorica	Montenegro	100%
Donaupassage Hotel Betriebs GmbH	Hotel Management	Operator - IBB Hotel Passau (3*)	Passau	Germany	100%
IBB Blue Hotel Betriebs GmbH	Hotel Management	Operator- IBB Blue Hotel (3*) Berlin - Airport & IBB Blue Hotel Paderborn (3*)	Passau	Germany	100%
IBB Hotels Deutschland Betriebs GmbH	Hotel Management	Operator - (1) IBB Hotel Ingelheim (4*) & (2) IBB Hotel Altmühltal Eichstätt (4*)	Eichstat	Germany	100%
Lublin Grand Hotel Management Sp. z o.o.	Hotel Management	Operator - IBB Grand Hotel Lublinianka (4*)	Lublin	Poland	75%
Lublin Grand Hotel Sp. z o.o.	Real Estate Investments	Owner - IBB Grand Hotel Lublinianka	Lublin	Poland	75%
Andersia Tower Hotel Management Sp. z o.o.	Hotel Management	Operator - IBB Hotel Andersia (4*)	Poznan	Poland	74%
Dlugi Targ Hotel Management Sp. z o.o.	Hotel Management	Operator - IBB Hotel Dlugi Targ (4*)	Lublin	Poland	50%
Dlugi Targ Sp. z o.o.	Real Estate Investments	Owner - IBB Hotel Dlugi Targ	Lublin	Poland	50%
IBB España 2004 S.L.	Hotel Management	Operator - IBB Recoletos Coco Salamanca (4*)	Menorca	Spain	100%
Timan Investments España S.L.	Hotel Management	Owner & Operator - Hotel Cugó Gran Menorca	Menorca	Spain	100%
IBB Hotel Management Europe Limited	Hotel Management	The hotel management company for all the IBB Hotels	Gzira	Malta	100%
Senglea Hotel Operations Limited	Hotel Management	Operator - Cugó Gran Macina Grand Harbour	Gzira	Malta	100%
IBB Hammett's Operations Limited	Hotel Management	Operator - Hammett's Gastro Bar, Hammett's Macina Restaurant & Sheer Bastion	Gzira	Malta	50%
Urbelia Bailen S.L.	Private Equity & Other Investments	Operator - Petrol Station Bailen	Madrid	Spain	69%
Urbelia Ciudad Real S.L.	Private Equity & Other Investments	Operator - Petrol Station Ciudad Real	Madrid	Spain	69%
Asset Management Company Von der Heyden Group	Private Equity & Other Investments	Asset Management Company	Kiev	Ukraine	100%
Von der Heyden Real Estate Services	Private Equity & Other Investments	Real Estate Brokerage & Other Services	Sardinia	Italy	50%

Further details about projects and assets owned by the Group:

Office development projects in development:

Bavaria Towers

The Group's financial performance has, for the second year been positively impacted by its associate Bogenhausener Tor Immobilien S.à r.l. (BTI) having sold its second and last asset, the Blue Tower forming part of the Bavaria Towers office and hotel development in the city of Munich, Germany. The asset was sold in December 2019 to the leading asset manager on the German market Real IS consortium with one of the main shareholders being Bayerische Versorgungskammer. The property was sold at a record yield of less than 3% (i.e. the discount rate to derive the net present value), registering the highest rate of return on equity for the Group so far in its A-Class real estate portfolio. Though the main impact of the sale in the P&L was reflected already in 2018 due to a revaluation to fair market value at that time, the sale of this asset generated a share of profits, which amounted in 2019 to another EUR 3.1m.

Prospective office and residential development projects

- **Poland**

Andersia Silver - With a planned investment value of approximately €100m in Poznań, Poland, the project will be the fourth and final development phase of the contemplated structure at the Anders Square in Poznań.

The project comprises of three underground levels and a tower of 20 floors with 18,000sqm hotel space (approximately 263 rooms) including conference room area and a restaurant and over 20,000sqm office space. The plot would still have additional potential for another smaller building of circa 3,000sqm.

In line with the original plans, the new design in architecture and mechanical installations are being performed by Pracownia Architektoniczna Ewy I Stanisława Sipińskich and PKEnergy Paweł Krych studios, respectively. The project is expected to be completed by the end of 2023.

As a result of COVID-19, the Group is currently studying an alternative layout of the building, replacing the hotel component with another office component, in addition to that bringing the total office space to approximately 39,000sqm.

Nowy Świat Atrium – This project 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. To apply for the required building permits for a 3,750sqm office development with a 2-3 floor underlying car park, the Group started legal proceedings to obtain the right of way easement by necessity on the neighbouring plots owned by the City of Warsaw.

Von der Heyden & Partners - The Group, through Von der Heyden & Partners, currently holds 6 remaining land plots in the town of Wegorzewo in a side district in Northern Poland. The total size of the plots jointly is nearly 4,150 sqm. The Group is gradually selling the plots to individual buyers through a local real estate agent. Previously five plots were already sold comprising approximately 4,200 sqm.

- **Germany**

KASA Investments – The Group, through KASA, has held over the past 25 years various residential real estate assets in Germany. In 2019 further properties were sold, using the positive momentum on the German real estate market to downsize the portfolio. Currently the entity holds just over 1,000sqm divided over two remaining properties in Eastern Germany, one of which is also in the process of being sold.

- **Portugal**

Atrium Liberdade - The Group, in 2019, concluded a shareholder agreement for a 25% investment into a 5,000sqm residential development project in Lagoa, Algarve, Portugal, consisting of 32 apartments including four townhouses. Total development costs are projected at circa €5.3m with expected sale proceeds of €6.5m, resulting in net proceeds of €1.2m or a development margin of around 22.5%. The co-development, together with the sales process, will be overseen by the Group's local partner, Carvoeiro Clube, which is headed by a Dutch real estate developer.

Financing for the project is expected to be granted by local banks. The project qualifies as urban redevelopment and therefore provides for a lowering of the real estate transfer tax as well as a lower VAT rate of 6% on construction costs. The project is expected to be completed in 2022.

As a result of COVID-19 and the change in residential demand patterns, the Group is currently studying an alternative layout of the building, replacing the larger town-houses and penthouses into smaller apartment units, in addition to that increasing the number of units and decreasing the average size of each.

- **Montenegro**

Reževići land in Blizikuce, Budva Municipality, Montenegro – Through the newly incorporated company Hotspot Real Estates Limited in Montenegro, the Group has acquired a property which comprises of 10,187sqm. Based on the extract from the relevant zoning plan, the land constitutes one urbanistic parcel, and the Group aims to develop a net development area of 9,500sqm compound serviced apartments. The site is on the coastal slopes of Blizikuce, benefiting from sea views over the famous Sveti Stefan Peninsula and close to the Crvena Glavica beach. Hotspot Real Estate Limited is a 100% subsidiary of the Group.

Podgorica Business Tower - The Group is in the process of concluding the acquisition of 40% of the equity of Primus Investments Limited, a company incorporated in Montenegro and developing an 11-floor business tower building over an 1.100sqm footprint in the heart of Podgorica, the Capital City of Montenegro. The tower will offer over 7.000sqm of office space on 7 floors above ground level, around 700sqm of retail space at ground level and 108 parking spaces at 3 underground levels.

▪ 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 management company for all the hotels within the chain. IBB Hotel Collection currently operates 11 hotels, of which 3 are owned by the Group. The Group's hotel portfolio consists of; 3 IBB and 2 IBB Blue hotels in Germany, a Cugó Gran and an IBB hotel in Spain, 3 IBB Hotels in Poland and another Cugó Gran boutique hotel in Malta.

Due to a planned restructuring in operations considering a more robust market positioning, the Group's hospitality chain IBB Hotel Collection did not reach the expected profit levels during 2019. The first two months of 2020 met most budget targets across the hotels in the Group. However, the unprecedented events caused by the worldwide COVID-19 pandemic have demanded further restructuring in its hotel portfolio by maintaining, strengthening, and prioritising hotels in markets that generate the most sustainable profitability. A detailed overview of the hotels by each country, including details on the hotel restructuring exercise underway, is found below.

- **Hotel operations in Germany**

IBB Hotel Passau Süd - Is a 4-star hotel located only 3km away from the historical city centre of Passau. The Hotel offers 63 elegant rooms and two apartments, as well as a conference area that may host up to 85 guests.

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 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 October 2020.

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 exciting destination for business people as well as tourists due to its easy accessibility. The Hotel is situated in a modern building in the city centre of Paderborn, close to the shopping area, university and train station. The hotel comprises of 49 spacious rooms with a modern design finished to very high standards.

IBB Hotel Ingelheim – Is a 4-star hotel which offers 103 double rooms and six studios. 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).

Developments

IBB Hotel Altmühltal Eichstätt, Germany – On 1 July 2020, the Group opened a hotel in the city of Eichstätt, a small but economically stable city in Germany near Ingolstadt (where the headquarters and main production plant of Audi are located), and include up to 90 rooms as well as a modern Bavarian Wirtshaus (restaurant) and 40 underground parking spaces.

During summer, the main client focus will be holiday and short-break clients. In autumn the business travel sector is expected to re-start again, as it has collapsed due to the impact of COVID-19 and due to the summer holiday season. The hotel started operations on the 1st of July 2020, operating results so far show that the Hotel enjoys the interest of both local and other visitors.

IBB Hotel Passau City Centre – The Hotel owner is currently planning a huge overhaul of the Hotel, which will result in the Hotel closing for at least one year. In view of this, the Group terminated the contract following an amicable agreement reached with the owner with no penalties being incurred. The Hotel was 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.

Hotel Europäischer Hof Hamburg - The management contract of this Hotel was not extended as the family owning the hotel had decided that they wished to go through with managing the hotel themselves instead of leasing through third parties. Accordingly, this Hotel is no longer managed by the Group.

- **Hotel operations in Poland**

IBB Grand Hotel Lublinianka - Is a 4-star hotel in the centre of Lublin, Poland, which consisted of a 5,700 sqm renovation project with an investment value of €11.7m, completed in 2002. Grand Hotel Lublinianka is the most recognised 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 organised 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 organised 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 six 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 common areas and rooms by the end of 2020 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 172 rooms and apartments with an executive floor, retail outlets, restaurants, conference centre, banquet and ballrooms 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 of the ground floor is 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 Hotel Dlugi Targ – Is a 4-star hotel in three historical semi-detached city houses offering 89 rooms with prime retail space on the ground floor of approximately 1,000 sqm which has been rented out to a casino operator. It opened its doors in April 2018.

- **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, six single rooms and two 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.

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 12 superior rooms, a 25-metre outdoor pool in exquisitely landscaped gardens, its 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. Hotel Cugó Gran Menorca is wholly owned and operated by the Group. In August of this year the hotel has been awarded the "Travellers' Choice 2020 Best of the Best" from Tripadvisor, confirming once more its leading position among the high-end luxury hotels, at the same time being ranked by it the #1 hotel in Menorca, meaning that it is among the top 1% worldwide.

Developments

IBB Hotel Paradis Blau – This Hotel was a 3-star hotel located in Cala'n Porter, a famous village in the island of Menorca known for its picturesque beaches and caves. In December 2019, as part of the Group's restructuring plan, the hotel was sold at a price of €5m.

- **Hotel operations in Malta**

Cugó Gran Macina Grand Harbour Hotel – Is a luxury boutique hotel situated in the historic Macina building, which was built in 1554 during the reign of Grand Master Claude de la Sengle, after whom Senglea is named. The property 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 January 13th 2017 through its subsidiary company Senglea Hotel Operations Ltd. which, in turn, is wholly-owned by the Guarantor. The restaurant on the ground floor with terrace and the Sheer Bastion are under management through its joint venture IBB Hammetts Operations Limited.

Developments

IBB Hotel Merkanti Valletta, Malta - IBB Hotel Merkanti Valletta was signed and announced in November 2016. As per original plans, the Hotel was to offer 18 double rooms in a stunning fully refurbished Valletta palazzo in Old Theatre Street. The Group, after careful evaluation, decided against the continuation of the

Hotel Merkanti project due to the continued significant delays that were being experienced by the owner of the property and the inability to give a definitive date for the delivery of a completed and functional hotel.

▪ Food and Beverage Operations in Malta

IBB Hammett's Operations Limited - 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 opened in December 2017; and
(iii) Hammett's Macina Restaurant at Cugó Gran Macina Grand Harbour Hotel 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.

1.4 Operational Developments

▪ COVID-19 operational update

Overall assessment:
Management explained that the worldwide COVID-19 pandemic has led to the material disruption of the Group's hotel and catering operations and that they have taken action to mitigate the impact of the sudden loss of demand arising as a result of the lock down and travel restrictions introduced in the countries where it operates. Management has in the process also decided to terminate the lease and discontinue the operation of the IBB Hotel Passau City Center as outlined further hereunder. Notwithstanding, the financial impact from the Hotel's negative trading performance in 2020, the Group remains in a strong position and expects to end the year with cash resources in excess of Euro 25 million.

Cashflow:
Given the importance of cash flow in times like this, the Group has been working on a treasury plan for cash management as part of its overall business risk and continuity plans. This includes:

- Updating the Group's forecasts and cash flows for the next 12/18 months;
- Reviewing loans and funding or reducing loan repayments to minimum or interest-only;
- Reviewing business interruption insurance policies for any possible claims;
- Converting fixed to variable costs, where possible;
- Considering alternate or non-traditional revenue streams;
- Auditing payables and receivables transactions;
- Extending payables where possible, however respecting payment terms;
- Reviewing capital investment plans;
- Reviewing the Group's variable (overhead) costs.

The Issuer has settled its bond coupon payment which was due by the end of the first quarter of 2020. Additionally, the forecasts prepared by the Group indicate that sufficient cash will be generated throughout this financial year and the Group should be in a position to meet its financial commitments, including the next bond interest due on 8 March 2021.

The Group's forecasts for FY20 capture the actual trading results for the 6-month period (1 January to 30 June 2020) and the financial projections for the remaining 6-month period (1 July to 31 December 2020).

Workforce:

The Group has taken measures internally to secure its staff wellbeing and security. All staff members have been working remotely to reduce the risk of COVID-19 transmission amongst the staff and ensure full readiness for a complete lockdown by the Health Authorities.

Employees are equipped for working remotely. Each employee has a company-issued laptop and utilises multiple cloud-based communication and productivity services to ensure uninterrupted operations. For internal access, the Group's employees have redundant global VPN access points for ongoing access to these resources. The Group expanded its flexible work arrangements with employees where possible.

IBB Hotel Collection:

IBB Hotel Collection has been affected, like the entire travel and tourism industry, by the negative impact of the worldwide COVID-19 crisis. The company is operating in 4 different European countries and had to suffer from a total breakdown of demand in all destinations, after the pandemic reached Europe at the beginning of March 2020.

The travel industry in Europe knew at that time from Asian hotel industry reports, that times would become very difficult. As soon as the airline industry started cancelling the worldwide flight volume step-by-step in March, the logical decision of IBB Hotel Collection was the same as any other European hotel group: the closing of all hotels was inevitable where variable costs exceeded expected revenue. IBB Hotel Collection as tenant of the hotel buildings is responsible at all times for Fire-Life-Safety protocols and procedures and also is responsible for the operator's liability of the rented buildings.

The management decided immediately after the beginning of the different national lockdowns the first cost reduction plans:

- Termination of all non-permanent employments in all hotels and central functions;
- Reduction of staff in all hotels down to the minimum necessary level, in one case down to 50% of pre-COVID-19 number of staff;
- Immediate analysis of all fixed and variable costs to calculate the impact of the hotel closing for each hotel and each company;
- Pausing of all external service provider contracts which aren't necessary for revenue production or for financial controlling;
- Negotiation of payment terms with suppliers, taxes and other governmental authorities;
- Negotiation of rental payment plans or standstill agreements for rental payments with each lessor. The Group has secured a minimum of 3 months waiver on rent in the majority of its hotels;
- Filing of applications for governmental aid funds, wherever possible. In countries with governmental salary support schemes, applications have been filed in order to secure this support;
- Immediate reduction of working hours, before and after hotel closure to reduce fixed salary costs;
- Salary cut of all senior management members;
- Securing shareholder loans to ensure the operational cash flow of each hotel;

- Agreeing on subordination agreement with shareholders in order to fulfil minimum standards for bank loans with state guarantees;
- Investing into distribution systems and into online image marketing to secure availability and visibility in all relevant sales and distribution channels;
- Permanent monitoring of market demand with the support team members to estimate revenue and cost developments and to find the right moment for the re-opening of each individual hotel.

By July 2020, all hotels were opened and fully operational again with strict hygienic standards. The national safety protocols are the minimum standards.

Management confirmed that, should one of the operational countries where the company runs a hotel re-impose a national or regional lockdown, the Group will be prepared. This involves the re-installation of the above mentioned measures, especially in those hotels where the Group eased restrictions due to a higher demand.

Business Continuity Plan:

- Designation of essential operations and plans to reassign staff from non-critical functions if employee absence is a threat;
- Review and assurance that the Group's IT infrastructure can support an increase in remote work and manage any added load to client-facing or service delivery technology that may occur. This includes an increase in the use of video, telephonic and digital counselling modalities;
- Further ensuring that the Group has multiple levels of redundancy, should a critical system failure occur;
- Assessment of the risk level of any vendors or other parties that the Group depend on and requiring confirmation from critical vendors that they have a robust business continuity plan (**BCP**) and can be deployed as needed;
- An internal communications plan to ensure that the BCP, updates and changes can be communicated in real-time to those who need to know specific information; and those who need to take a new action, that the information has been received and action taken as appropriate;
- Confirmation of the chain of command and back-ups for leaders and critical roles;
- The Group is continuously revaluating its short-term liquidity positions;
- Assessing financial and operational risks and respond quickly;
- The Group is continuously evaluating how this crisis has affected the budgets and business plans for 2020-2021;
- The Group concluded the audit process without any interruptions.

Issuer's Bondholders:

Management priority has been and will always be to safeguard the bondholders' investment.

Von der Heyden Group Finance plc has already settled its payment obligation to its bondholders on March 9 2020, as per company announcement 38 issued on 19 March 2020.

Other developments

Fuel Stations Business - Urbelia Business S.L. was incorporated in December 2017 to run low cost petrol stations with washing centres in Spain. The initial objective was to build 2 low cost petrol stations in Bailen and Ciudad Real. The plan for the future is to run a portfolio of some 25-30 petrol stations which could be sold to a potential investor. The shareholders of Urbelia Business S.L. are TIMAN Investments Holdings Ltd (69%) and Urban Oil Wash S.L (31%), the joint venture partner.

Urbelia Bailen S.L. was opened in September 2018 after obtaining all the necessary permits. Urbelia Ciudad Real S.L. received its occupancy permit only in August 2019 for which it waited many months after full construction completion. This unexpected delay resulted in pressure on the Company's cash flow resulting from the operations but going forward this will improve substantially. Additionally, plans are being made to open another 2 petrol stations which would justify its current fixed overhead expenses and will move it from being break-even into profitability.

Both petrol stations Bailen and Ciudad Real are up and running but only Bailen is being profitable as the company managed to open a year before. Ciudad Real is slowly improving its performance. COVID-19 has also impacted the activity of the company as, due to the State lockdowns, the fuel stations business saw a massive reduction in traffic.

The positive aspect of the recovery of both petrol stations is that people are very sensitive to petrol prices and that plays in favor of Urbelia due to the low-cost petrol model. Additionally, Urbelia has signed a contract with one of the main utilities company in Spain Iberdrola to install charging points for electrical cars. Furthermore, Urbelia is close to securing the financing necessary to build the car washing facilities in Bailen which is expected to generate €3k additional revenue per month.

Real Estate Investment Fund - The Group has set up an asset management company in the Ukraine that is in the process of being licenced by the National Securities and Stock Market Commission of Ukraine. The Asset Management Company Von der Heyden Group is now preparing to setup a regulated real estate investment fund to invest in the Ukrainian real estate market. The Group believes that the time seems right to enter this emerging market, due to the improved political and economic situation, while still offering attractive yields on real estate investments and selected developments despite COVID-19.

The Group foresees successful fundraising from qualified and institutional investors. By incorporating an asset management division into the Group, an additional income stream will be generated, contributing to an enhanced Group's cash flow and diversification. This also enables the Group to be an early mover in the Ukrainian market, both from a timing, setup and track-record/reliability perspective, as the Group historically demonstrated by entering in Poland in the 1990s.

In line with the Von der Heyden Group's continued growth strategy and as a renowned first mover in emerging markets, it has set up an asset management company with a team of highly skilled real estate professionals operating from its new office in Kyiv, Ukraine. The local real estate and asset management team will serve to launch attractive investment opportunities, working as the Group's Asset Management arm in Ukraine and starting its first regulated real estate investment fund by the end of 2020. The fund will focus on realising the full potential of Ukrainian commercial and residential real estate market opportunities in Kyiv and Lviv to its investors.

Real estate services in Sardinia - The Group has also expanded its geographic footprint to Sardinia with the launch of a real estate services arm in one of the world's most exclusive luxury locations, Costa Smeralda, Sardinia, Italy. Von der Heyden Group Real Estate provides a specialist perspective and bespoke brokerage service in the real estate market to buyers and property owners.

Part 2 - Historical Performance and Forecasts

During 2017, the Group issued a €25m 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. The allocation of the net bond proceeds is further described in section 5.1 of the securities note, forming part of the prospectus. 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.

While the potential issues that the COVID-19 could present are still evolving and the actual effects are difficult to comprehensively assess or predict, proceeds received by the Group in January 2020 from the sale of the Blue Tower at the Bavaria Towers, Munich, and the receipt of a promote fee relating to the same development has led to further enhancement of the Group's liquidity position. During the COVID-19 period, a significant number of Hotels were closed for a number of months in an effort to keep costs to the minimum in view of the fact that there was no business. Over the month of July, all Hotels have reopened their doors to business.

The Group will continue to focus on the current real estate development projects whilst implementing a restructuring program for its portfolio of hotels in Germany, Spain, Poland and Malta and mitigating the adverse effects of the COVID-19 outbreak.

Over the past months, the hotel group management team has carried out detailed reviews of all the hotels, to identify various actions to mitigate the adverse financial effect of the outbreak. These actions include, amongst others, renegotiation with tenants and suppliers, revision of work practices and application for support schemes offered by governments in the countries in which the Group operates. These actions are currently in various stages of implementation in different locations.

The cash proceeds generated with the sale of the Bavaria Towers project in Munich, Germany, will also enable the Group to acquire undervalued or distressed assets, resulting from market turmoil and the need for liquidity by individual sellers as a result of COVID-19.

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 believe that generally, they shall be subject to the normal business risks associated with the sectors in which the Group and subsidiary companies are involved and operate as disclosed in this Financial Analysis Summary. Other than the potential protracted issues that the COVID-19 could present on the hotel operations, the Group does 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 companies and that of the Group, at least up to the end of the next financial year.

The Issuer was incorporated on September 15, 2016 primarily 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 for the three years ended 31 December 2017 (15/09/2016 to 31/12/2017), 2018 and 2019 are presented in sections 2.1 to 2.3 of the Analysis. Forecasts are based on management's projections for the coming year.

The Group's historical financial information for the three fiscal years ended 31 December 2017, 2018 and 2019 is set out in the audited consolidated financial statements of the Group in sections 2.4 to 2.6 of the Analysis. Forecasts are based on management's projections for the coming year.

2.1 Issuer's Income Statement

Income Statement for the years ended 31 December	FY17A	FY18A	FY19A	FY20F
	€000s	€000s	€000s	€000s
Finance income	1,104	1,544	1,645	1,429
Finance cost	(895)	(1,142)	(1,145)	(1,142)
Net interest earned	**209**	**402**	**500**	**287**
Administrative expenses	(444)	(310)	(264)	(241)
Movement in expected credit losses of financial instruments	-	32	3	-
Profit/(Loss) before tax	**(235)**	**124**	**239**	**46**
Taxation	-	-	(48)	23
Profit/(Loss) after tax	**(235)**	**124**	**191**	**69**

Ratio Analysis	FY17A	FY18A	FY19A	FY20F
Gross Profit Margin (Net interest earned / Finance income)	18.9%	26.0%	30.4%	20.1%
Net Margin (Profit for the year / Finance Income)	-21.3%	8.0%	11.6%	4.8%

In accordance with the Company's Prospectus dated 30 January 2017 approved by the Listing Authority on the same date, 250,000 bonds with a face value of €25,000,000 were issued to the general public. The unsecured bonds are redeemable on 8 March 2024 and have a coupon rate of 4.4%. Interest is payable annually in arrears on 8 March. TIMAN Investments Holdings Limited, as Guarantor, has provided a corporate guarantee in favour of the Bondholders, of which further information is contained in Annex B to the Securities Note forming part of the prospectus.

The Issuer does not have any substantial assets other than the loans receivable from the Group and related companies and cash balances since it is essentially a vehicle set up to act as a financing company. The Issuer, therefore, serves as a vehicle through which the Von der Heyden Group will continue to finance its future projects and enabling the Von der Heyden Group to seize new opportunities arising in the market. The Issuer operates exclusively in and from Malta.

At 31 December 2019, the Issuer had on-lent and made available from its net bond proceeds an amount of €21.7m (FY18: €23m) to various companies of the Von der Heyden Group, resulting in an interest income of €1.6m (FY18: €1.5m) and a corresponding interest expense of €1.1m (FY18: €1.1m).

The net interest earned for the year under review was of €0.5m (FY18: €0.4m), after bank interest and the amortisation of bond issue costs, serving to cover bond issue and operating expenses as well as a remuneration for the Issuer's financing activities, on an arm's length basis. The loans provided to the various related companies have been made in accordance with the parameters as set out in the Issuer's prospectus.

The Issuer's performance in FY19 was mainly in line with that forecasted in last year's FAS, with actual net profit before tax falling short of forecasts by less than €0.01m. Net finance income was marginally lower than forecasted, the difference of which was partially compensated by lower administrative expenses and positive expected credit losses movement on financial instruments of €3k, which given its inherent unpredictability was not anticipated in the forecasts. In FY19, the Issuer incurred €48K in tax liability, which in 2020, the parent company, TIMAN Investments Holdings Ltd, applied the group losses relief provisions and surrendered unabsorbed trading losses to the Company, setting off the tax liability. Thus, the Issuer's net profit for the year under review was marginally below expectations.

The Issuer expects to generate finance income of €1.4m in FY20 from its strong lending position to Group and related companies. Finance costs are expected to remain in line with FY19 at €1.1m. Administrative expenses are anticipated to be €0.2m. The Issuer is forecasting a net profit after tax of €69K that include the benefit of the tax credit resulting from the surrender of Group trading losses in favour of the Company.

2.2 Issuer's Financial Position

Statement of Financial Position as at 31 December	FY17A	FY18A	FY19A	FY20F
	€000s	**€000s**	**€000s**	**€000s**
Assets				
Non-current assets				
Loans receivable	21,700	20,277	19,049	19,369
Current assets				
Loans and other receivables	874	4,108	4,487	308
Cash and cash equivalents	3,099	1,402	2,555	6,476
	3,973	**5,510**	**7,042**	**6,784**
Total assets	**25,673**	**25,787**	**26,091**	**26,153**
Equity and liabilities				
Capital and reserves				
Share capital	250	250	250	250
Accumulated Profit/ (losses)	(235)	(171)	20	89
Total equity	**15**	**79**	**270**	**339**
Non-current liabilities				
Deferred taxation	-	-	9	9
Borrowings	24,750	24,792	24,833	24,884
	24,750	**24,792**	**24,842**	**24,893**
Current liabilities				
Trade and other payables	908	916	979	921
Total liabilities	**25,658**	**25,708**	**25,821**	**25,814**
Total equity and liabilities	**25,673**	**25,787**	**26,091**	**26,153**

As at FY19, the Issuer's total assets of €26.1m are mainly made up of loans and receivables, which represents the loans granted to the Group and related parties. In FY19, accumulated loans and receivables (both non-current and current assets) amounted to €23.5m, a decrease of €0.9m from FY18, where they stood at €24.4m. The Issuer is expecting the repayment of a number of loans and interest thereon. Accordingly, cash and cash equivalent are expected to increase when compared to FY19.

Total liabilities mainly consist of the bonds in issue, and this is not expected to change until the eventual maturity of these bonds in 2024. Given the limited trading activity of the Issuer, total liabilities in FY19 did not experience any significant movements from FY18. Total Equity experienced a slight increase in FY19 when compared to the prior year, which reflects the net profit reported by the Issuer for FY19. In view of the forecasted profitability in FY20, the Issuer expects total equity to increase by this amount.

Actual financial position for FY19 is mainly in line with that of last year's FAS. The main differences are that actual accumulated loans and receivables granted were €0.6m lower than forecasted, correspondingly actual cash was circa €0.6m higher. The rental guarantee provided for one of the Hotel's operating companies during FY19, was not anticipated; thus, the forecasts anticipated a higher amount of loans classified as non-current assets, rather than current assets.

2.3 Issuer's Cash Flows Statement

Cash Flows Statement for the years ended 31 December	FY17A	FY18A	FY19A	FY20F
	€000s	**€000s**	**€000s**	**€000s**
Cash flows from operating activities				
Cash used in operations	(1,306)	(310)	(264)	(241)
Movement in trade and other receivables	(150)	1	(1)	(13)
Movement in trade and other payables	908	8	24	(32)
Interest paid	-	(1,100)	(1,103)	(1,094)
Net cash flows used in operating activities	**(548)**	**(1,401)**	**(1,344)**	**(1,380)**
Cash flows from investing activities				
Movement in related parties balances	(21,700)	(1,127)	1,552	2,229
Interest received	380	831	945	3,072
Net cash flows generated from/(used in) investing activities	**(21,320)**	**(296)**	**2,497**	**5,301**
Cash flows from financing activities				
Proceeds from the issuance of ordinary shares	250	-	-	-
Net proceeds from the issuance of bonds	24,716	-	-	-
Net cash flows generated from financing activities	**24,966**	**-**	**-**	**-**
Movement in cash and cash equivalents	**3,098**	**(1,697)**	**1,153**	**3,921**
Cash and cash equivalents at start of year	1	3,099	1,402	2,555
Cash and cash equivalents at end of year	**3,099**	**1,402**	**2,555**	**6,476**

In view of the Issuer's limited trading activities, the Company reported negative cash flow from operating activities of €1.4m in FY19 (FY18: €1.4m). The Issuer recorded positive cash movements from loans granted to related parties, which combined with the interest received on the said balances, resulted in a positive movement of €2.5m in cash flows from investing activities. In line with prior year, the Issuer did not perform any financing activities.

The Issuer's cash flow in FY19 exceeded previous expectations with a positive cash movement of €1.2m compared to that forecasted of €0.5m. This was mainly due to a higher than expected repayment of loans granted to related parties, which was partially set off by higher than forecasted cash utilised in operating activities.

In FY20, the Issuer forecasts cash flows utilised in operating activities to remain largely flat at €1.4m. The Issuer expects further repayment of related party loans, which combined with the interest received on these loans (including redemption of accrued income €1.6m) are estimated to amount to €5.3m. No cash flow from financing activities are expected, resulting in an anticipated positive movement in cash and cash equivalents of €3.9m.

2.4 Group's Income Statement

Income Statement for the years ended 31 December	FY17A	FY18A	FY19A	FY20F
	€000s	**€000s**	**€000s**	**€000s**
Revenue	19,360	23,842	25,884	26,167
Cost of sales	(3,914)	(4,647)	(4,393)	(4,032)
Gross Profit	**15,446**	**19,195**	**21,491**	**22,135**
Other operating income	262	330	542	776
Administrative expenses	(16,276)	(19,812)	(19,650)	(20,351)
EBITDA	**(568)**	**(287)**	**2,383**	**2,560**
Depreciation and amortisation	(905)	(1,227)	(1,197)	(1,190)
Depreciation re IFRS 16	-	-	(3,815)	(3,788)
EBIT	**(1,473)**	**(1,514)**	**(2,629)**	**(2,418)**
Allowance for expected credit gains/(losses)	-	(872)	703	88
Other gains / (losses)	(585)	(1,062)	301	142
Interest income and other related income	1,089	1,247	701	410
Interest expense and other related expenses	(1,785)	(2,672)	(4,171)	(3,228)
Share in profit from associates	2,012	17,867	3,145	-
Profit/(loss) before tax	**(742)**	**12,994**	**(1,950)**	**(5,006)**
Income tax credit/(expense)	(283)	135	(253)	(555)
Profit/(loss) after tax	**(1,025)**	**13,129**	**(2,203)**	**(5,561)**
Other comprehensive (loss)/income:				
Movement in currency translation reserve[3]	945	(499)	109	(855)
Other comprehensive income	45	-	-	-
Movement in fair value	2,155	3,049	1,445	
Total comprehensive (loss) / income for the year	**2,120**	**15,679**	**(649)**	**(6,416)**

Ratio Analysis	FY17A	FY18A	FY19A	FY20F
Profitability				
Growth in Total Revenue (YoY Revenue Growth)[1]	11.9%	23.2%	8.6%	1.1%
Gross Profit Margin (Gross Profit / Revenue)	79.8%	80.5%	83.0%	84.6%
EBITDA Margin (EBITDA / Revenue)	-2.9%	-1.2%	9.2%	9.8%
Operating (EBIT) Margin (EBIT / Revenue)	-7.6%	-6.4%	-10.2%	-9.2%
Net Margin (Profit for the year / Revenue)	-5.3%	55.1%	-8.5%	-21.3%
Return on Common Equity (Net Income / Total Equity)	-3.1%	32.7%	-4.9%	-13.5%
Return on Assets (Net Income / Total Assets)[2]	-1.3%	12.9%	-1.7%	-4.0%

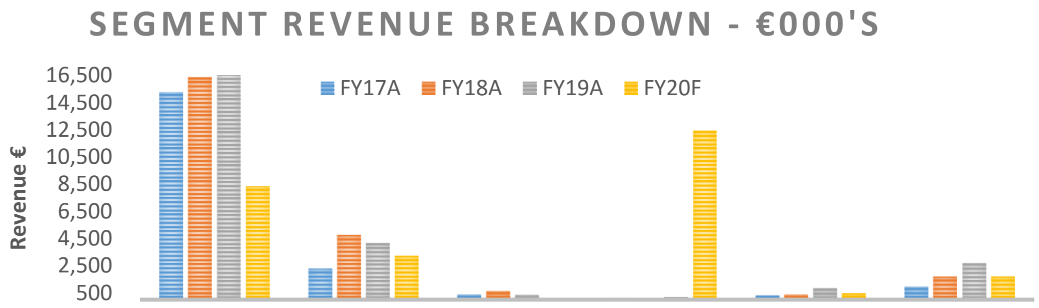
The Group's revenue for the financial year ended December 31, 2019, reached a record turnover of €25.9m, registering an 8.6% increase from FY18 (€23.8m). This was mainly a result of the realisation of a full year operation of both: IBB Hotel Dlugi Targ in Poland (opened in April 2018) and the Spanish petrol station in Bailen (opened in September 2018).

[1] The income statement presentation was changed from previous FASs, whereby revenue takes into account total revenue, including lease income. Consequently, all ratios linked to revenue differ from prior FASs including: revenue growth, operating margin and net margin.

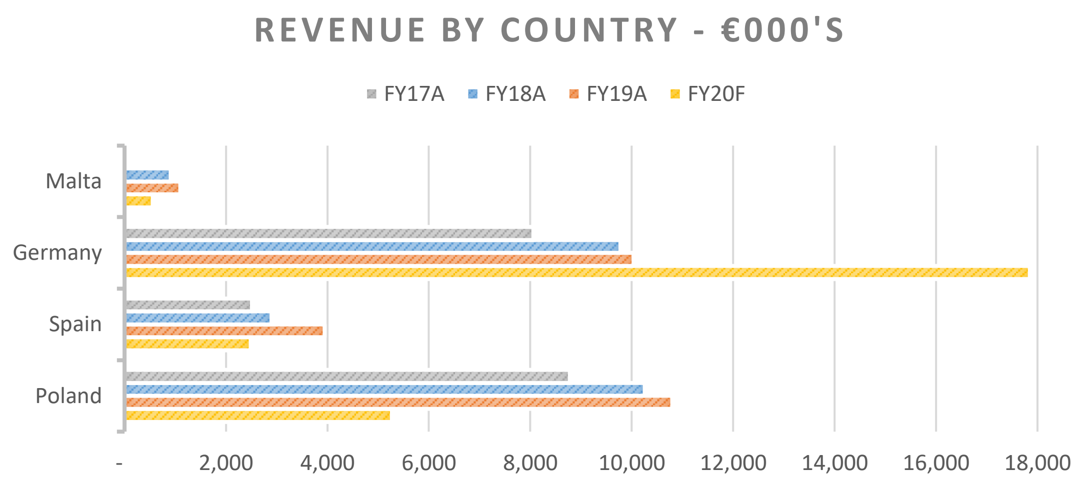
[2] The calculation methodology of this year takes into account the average assets rather than the end of year assets as calculated in the previous FAS. The glossary section was updated to reflect these changes.

[3] Average rate of exchange used is at 4.38 and the closing rate is at 4.54

The Group as at FY19 held, for capital growth and income generation various investments around Europe. The principal revenue streams of the Group are income generated from accommodation and catering fees from owned and leased hotels and outlets, which in FY19 amounted to 68.2% and 16.2% of the total revenue (FY18: 68.7% and 20.0%). The most significant hotel management revenue streams in 2019 were derived from the two managed hotels in Poland and Germany, the IBB Andersia Hotel and the IBB Hotel Passau City Centre, respectively. As at the end of 2019, revenues in Poland represented 41.7% (FY18: 43.0%), while Germany represented 38.8% (FY18: 41.0%) of the total Group's revenue.



	Accomodation	Catering	Admin & consulting	Development	Lease income	Other
FY17A	15,257	2,294	386	124	330	970
FY18A	16,374	4,760	641	-	370	1,697
FY19A	17,661	4,182	347	178	840	2,676
FY20F	8,352	3,220	-	12,425	468	1,702



As can be analysed from the graph above, in FY19 the Group has improved its revenue generation throughout the four countries in which it operates. In fact, revenue from each country increased by: Spain +36.1%, Malta +20.8%; Poland +5.3% and Germany +2.7%.

During FY19, the Group reported higher revenue income from the Hotel Operation and the rental of the Sheer Bastion in Malta, consequently Malta's contribution increased to €1.1m from €0.9m in FY18. In FY19, revenue generated from Poland amounted to €10.8m (FY18 €10.3m), which incorporates the full year operations of IBB Hotel Dlugi Targ, in addition to organic growth of the Hotel operations. Germany's revenue amounted to €10.0m (FY18: €9.8m), with this increase reflecting organic growth of the hotel operations.

Despite the improved revenue generation, the Group's hotel segment underperformed when compared to prior forecasts, as further explained in section 2.4.1 of this Analysis. This, coupled with higher operating costs, mostly reflecting higher staff salaries and directors' remuneration, resulted in the Group to register a negative EBIT of €2.6m (FY18: negative €1.5m).

During FY19, the Group adopted IFRS 16 which resulted in the expense of operating leases being reclassified to depreciation on right-of-use assets and interest cost on finance lease liabilities. This adjustment resulted in the Group to generate a positive EBITDA of €2.4m (FY18: negative €0.3m), with the EBITDA margin improving to 9.2%.

The Group's financial performance has, for the second year, been positively impacted by its associate Bogenhausener Tor Immobilien Sarl (BTI) having sold its second and last asset, the Blue Tower forming part of the Bavaria Towers office and hotel development in the city of Munich, Germany.

The asset was sold in December 2019 to a leading asset manager on the German market Real IS consortium with the main shareholder Bayerische Versorgungskammer. The property was sold at a record yield of less than three per cent, registering the highest rate of return on equity for the Group so far in its A-Class real estate portfolio. Though the main impact of the sale in the P&L was reflected already in 2018 due to a revaluation to fair market value at that time, the sale of this asset generated a share of profits, which amounted in 2019 to €3.1m.

Additionally, the increase in revenue in Spain of €3.9m during FY19 was partly the result of one of the petrol stations in Spain having its first full year of operations (Bailen petrol station), in addition to the initiation of the other petrol station in Ciudad Real as from August 2019, which in aggregate generated a revenue of €1.6m.

In view of the above, the Group reported a loss after tax of €2.2m in FY19 (FY18: a profit of €13.1m resulting from the contribution of the share of profit from associate, BTI).

Accommodation and Catering Revenue

The Group's hospitality chain, IBB Hotel Collection, did not reach the expected profit levels during 2019. Further to a restructuring in the operations of the Group, the first two months of 2020 met budget targets across the 11 hotels in the Group. However, the unprecedented events caused by the worldwide COVID-19 pandemic have demanded further restructuring in its hotel portfolio by maintaining, strengthening, and prioritising hotels in markets that generate the most sustainable profitability.

The Group is currently undergoing a cost improving exercise throughout the hotels. The hotels are investing in client relationship management software (CRS) and salesforce which is aimed at boosting direct sales and reducing costs through lesser commission fees being paid out to the online travel agencies which consist of a large portion of the hotel revenue. Some hotels are also opting to cut out underperforming departments, with an example being the food and beverage operations in one of the Spanish hotels limiting its activities to only bed and breakfast which will have a direct deduction in staff costs.

The Group has not grown its hotel portfolio as much as it had been previously intended, but rather had to close a Hotel operation due to the severe impact on the long term prospects of these Hotels post the COVID-19 prolonged challenges. This results in having the hotel group overall fixed and overheads costs being shared by much fewer hotels. The Group is actively pursuing one or two more profitable hotels to add to its portfolio. The Group has become more selective in what hotels are added to the Group in the present economic climate.

The figures presented in the forecast for the FY20 are based on actual results up to June 2020 and forecasted revenue for the remainder of 2020.

By July 2020, all Hotels have restarted operations despite the significantly lower demand levels. As a result of the significant drop in expected revenue for FY20 for the hotel Group, the Group immediately set up a cost reduction plan and many measures as mentioned above in order to minimize the impact of COVID-19.

The Group is forecasting to generate €11.6m in revenue from the accommodation and catering segments, €8.4m and €3.2m respectively, representing a decrease of 52.7% and 23.0% respectively over previous year. More specifically, revenue from Malta and Poland is expected to decrease by 49.4% and 51.2% respectively, with Spain's revenue expected to decrease by a lower percentage of 36.9%, with this attributable to the petrol stations operations. Revenue from Germany is forecasted to increase by 77.9%, however if one excludes the development income from BTI (explained in detail below), Germany's revenue would fall by 45.7% in FY20.

The hotel Group revenue expectations are based on updated assessments carried out by the management team of each hotel operation based on information available from travel agencies and destination management companies. Management also considered other related aspects such as State restrictions for travellers and restaurant guests and the alleviation of travel restrictions and the resumption of flight connections. The Group also benchmarks its expected volumes with competitor analysis, through webinars and the use of software such as "OTA insight" to get objective insight in occupancy and market developments worldwide. In the hotel management section, the situation in the different countries changes from one day to another, with expectations of further disruptions due to possible second or third COVID waves. This makes the estimation of the results for 2020 extremely difficult to predict and therefore management has sought to take the more prudent approach in its forecasts.

Management considers the current crisis as an opportunity to discontinue the activity of certain hotels which show the weakest operations and limit the negative cash flow of those operations. In fact, it has stopped its operations of the IBB Hotel in Passau City Centre as from April of 2020 through an amicable agreement with the landlord. In FY19, the Hotel generated a revenue of €3.5m however suffered a loss of €54k justifying management decision to discontinue this operations.

The Group has negotiated with the landlords rent concessions for 2020 due to the COVID-19 impact. The Group has not taken into account the option provided by the amendments to IFRS 16 published by the International Accounting Standards Board to account for the rent concessions in the income statement and has opted to record these as a lease modification in right-of-use asset and lease liability, and having a corresponding effect of reducing the depreciation and finance cost over the remaining useful life of the lease terms. The Group will consider to exercise the option provided in the revised standard when publishing in the full year audited financial statements for the year end 2020.

Real Estate Development Revenue

While the revenue from the hotel segment is expected to be significantly impacted during FY20 in line with prolonged COVID-19 pandemic, that arising from the real estate development segment, namely through BTI, has to date generated revenues amounting to circa €12.4m contributing to 47.4% of the total revenue being forecasted for FY20 and with a contribution to the Group profit after tax of €3m. This revenue reflects the promote fee earned by the Group for being involved in the sale of the Bavaria Towers.

In view of the above, the Group is forecasting an EBITDA of €2.6m in FY20, translating into an EBITDA margin of 9.8% (FY19: 9.2%). After accounting for depreciation on the Group's assets and depreciation on the right-of-use assets, in aggregate amounting to €5.0m, the Group is forecasting a negative EBIT of €2.4m, in line with FY19.

This forecasted loss also includes €0.4m start up costs of the asset management company in Ukraine and the real estate company in Montenegro.

The reduction of €0.9m in interest and other related expenses during FY20 is mainly due to a forecasted reduction in finance costs, following negotiations held by management with the Group's respective banks.

During this financial year, the Group expects to incur a loss of €5.6m which is mainly attributable to the fact that hotel activity of the Group has been affected in line with the entire travel and tourism industry, by the negative impact of the COVID-19 crisis. As mentioned earlier, as from the beginning of March 2020 the Group had to close all its hotels for a number of months due to State imposed lockdowns and travel restrictions. Despite this unprecedented situation, the Group's interest coverage ratio (EBITDA / Cash interest paid) is expected to amount 1.2x in FY20 (FY19: 1.1x). For FY21 management is continuing in its efforts to improve the performance of the hotel operating group, despite the prolonged negative impact of the COVID-19 scenario. Management is currently renegotiating rental agreements with Landlords and taking further cost optimisation efforts in view of the lower revenue forecasts and expects to significantly reduce the losses incurred in FY20.

2.4.1 Group's Variance Analysis

Income Statement for the years ended 31 December	Dec-2019F	Dec-2019A	Variance
	€000s	€000s	€000s
Revenue	26,580	25,884	(696)
Cost of sales	(5,450)	(4,393)	1,057
Gross Profit	**21,130**	**21,491**	**361**
Other operating income	22	542	520
Administrative expenses	(21,373)	(19,650)	1,723
EBITDA	**(221)**	**2,383**	**2,604**
Depreciation and amortisation	(1,255)	(1,197)	58
Depreciation re IFRS 16	-	(3,815)	(3,815)
EBIT	**(1,476)**	**(2,629)**	**(1,153)**
Allowance for expected credit losses	-	703	703
Other gains / (losses)	(1,000)	301	1,301
Interest income and other related income	1,486	701	(785)
Interest expense and other related expenses	(2,558)	(4,171)	(1,613)
Share in profit from associates	1,901	3,145	1,244
Loss before tax	**(1,647)**	**(1,950)**	**(303)**
Income tax expense	(22)	(253)	(231)
Loss after tax	**(1,669)**	**(2,203)**	**(534)**

The Group's revenue amounted to €25.9m in FY19, a negative variance of €0.7m or 2.6%, when compared to last year's forecasts. During the year under review, the performance of the hotel management activities through the Group's IBB Hotel Collection has not reached the expected profit levels and this stems from aggressive market competition and the need for the Group to restructure some operations. This resulted in lower reported sales than that previously forecasted.

The Group's other operating income exceeded expectations by €0.5m and this was mainly as a result of the higher than expected variable rent that the Group earns from the rental of the Sheer Bastion to the joint venture IBB Hammett's Operations Limited.

Prior forecasts failed to include the introduction of IFRS 16 as from 1 January 2019, thus cost of sales and administrative expenses were lower than forecasted, with the difference being accounted for as depreciation on the right-of-use assets (IFRS 16) and increase in interest costs reflecting the additional interest incurred on finance lease liabilities during FY19. In view of this, the Group's EBITDA exceeded prior projections by €2.6m in FY19.

In FY19, the Group reported a negative EBIT of €2.6m, representing a negative variance of €1.2m from forecasts. This was mainly a result of the underperformance of the Group's hotel segment, coupled with higher operating costs, mostly reflecting higher staff salaries and directors' remuneration when compared to prior expectations.

During the financial year under review, the Group´s results have again been positively impacted by its associate BTI having sold its second and last asset, the Blue Tower forming part of the Bavaria Towers office and hotel development in the city of Munich, Germany. The asset was sold in December 2019 to the leading asset manager on the German market Real IS consortium with the main shareholder being Bayerische Versorgungskammer. The property was sold at a record yield of less than 3%, registering the highest rate of return of equity for the Group in its A Class real estate portfolio. Although the main impact of the sale in the income statement was reflected already in FY18 due to a revaluation to fair market value, the sale of this asset has generated a share of profits which amounted to €3.1m in FY19.

The Group incurred a higher tax charge in FY19 of €0.2m, mainly due to an incorrect estimation of deductions/allowances during last year's forecasting stage.

Based on the considerations discussed above, the Group reported a loss of €2.2m, representing a negative variance of €0.5m when compared to last year's forecasted loss of €1.7m

2.6 Group's Financial Position

Statement of Financial Position as at 31 December	FY17A	FY18A	FY19A	FY20F
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Intangible assets	113	203	179	124
Property, plant and equipment	38,166	42,619	38,633	37,720
Right of use assets	-	-	41,167	36,102
Investment property	16,655	17,441	17,681	19,181
Loans and other receivables	25,908	11,534	10,642	8,266
Investment in associates	3,653	21,520	24,674	1,048
Other financial assets	272	206	220	899
Deferred tax assets	1,240	553	672	733
Total non-current assets	**86,007**	**94,076**	**133,868**	**104,073**
Current Assets				
Inventories	180	156	145	145
Trade and other receivables	2,796	9,356	7,260	3,667
Current tax receivable	69	95	194	74
Cash and cash equivalents	6,907	3,803	6,318	25,132
Total current assets	**9,952**	**13,410**	**13,917**	**29,018**
Total assets	**95,959**	**107,486**	**147,785**	**133,091**
Equity and Liabilities				
Share capital	3,805	3,805	3,805	3,805
Share Premium Account	4,445	4,445	4,445	4,445
Other reserves	4,047	6,245	6,442	6,442
Currency translation reserve	(449)	(649)	(661)	(1,203)
Retained earnings	6,285	13,661	14,915	10,196
Non-controlling interest	17,249	17,402	15,314	14,158
Total equity	**35,382**	**44,909**	**44,260**	**37,843**
Liabilities				
Non-current Liabilities				
Provisions for other liabilities and charges	29	41	-	-
Borrowings	44,496	44,048	79,645	74,797
Deferred tax liability	3,938	3,244	3,791	3,839
Total non-current liabilities	**48,463**	**47,333**	**83,436**	**78,636**
Current Liabilities				
Trade and other payables	4,866	5,752	6,069	7,509
Current tax payable	173	146	53	533
Borrowings	7,075	9,346	13,967	8,570
Total current liabilities	**12,114**	**15,244**	**20,089**	**16,612**
Total liabilities	**60,577**	**62,577**	**103,525**	**95,248**
Total equity and liabilities	**95,959**	**107,486**	**147,785**	**133,091**

Ratio Analysis	FY17A	FY18A	FY19A	FY20F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)[3]	55.8%	52.5%	66.4%	60.6%
Gearing 2 (Total Liabilities / Total Assets)	63.1%	58.2%	70.1%	71.6%
Net Debt / EBITDA	(78.6)x	(172.8)x	36.6x	22.7x
Current Ratio (Current Assets / Current Liabilities)	0.8x	0.9x	0.7x	1.7x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.8x	0.9x	0.7x	1.7x
Interest Coverage (EBITDA / Cash interest paid)	(0.2)x	(0.1)x	1.1x	1.2x

In FY19, The Group recorded a 37.4% increase in its total assets, recorded at €147.8m (FY18: €107.5m). The majority of these assets represent property, plant and equipment and right-of-use assets (IFRS 16), where in total these represent 54.0% of total assets in FY19. Another major asset is the investments in associates, at €24.7m in FY19, with an increase of €3.1m over prior year reflecting the performance of BTI in selling the Blue Tower, as explained further above.

The Group's total liabilities increased by 65.4% or €40.9m in FY19, which mainly reflects the creation of a €41.9m finance lease liability, as part of the adoption of IFRS16. Total equity decrease marginally to €44.3m from €44.9m in FY18, with this reflecting the €2.2m loss from operations less circa €1.5m positive fair value movement.

Excluding the adoption of IFRS 16, the Group's financial position in FY19 was mainly in line with prior forecasts. As explained earlier prior forecasts excluded the adoption of IFRS 16, which resulted in €41.2m right-of-use assets and €41.9m finance lease liabilities as at FY19. The Group's working capital also varied with both trade and other receivables and trade and other payables exceeding prior forecasts by €4.4m and €3.0m, respectively. The Group ended FY19 with a cash balance of €6.3m, translating into a positive variance of €2.5m when compared to prior forecasts, which was mainly as a result of the disposal of the Paradis Blau Hotel in Spain for €5.0m.

The gearing ratio (Net Debt / Net Debt and Total Equity) of the Group at the end of FY19 stood at 66.4% as opposed to 52.5% in FY18. The increase is not attributable to higher indebtedness by the Group but rather because of IFRS16 coming into force requiring the recognition of leases as liabilities in the balance sheet. The gearing ratio without the IFRS16 consideration would have been 50.6%.

For FY20 the main effects impacting the Group financial position are the following:

<u>**Assets**</u>

During the first six months of the year the Group had no major additions or disposals other than the deposit of €0.1m on the acquisition of the property in Rezevici, Budva Municipality, Montenegro, the right of use of IBB Altmühltal Eichstätt and the termination of the right of use of IBB Hotel Passau City Centre. The projected final acquisition and development costs for the property in Rezevici, Budva for FY20 are expected to amount to €1.5m.

[3] Change in ratio methodology when compared to prior FASs.

Investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. The Group will carry out a re-assessment of the fair market values as at 31 December 2020.

The right-of-use asset has decreased this year in line with the depreciation as mentioned in the income statement above. The Group has also derecognized the right of use asset (and finance lease liability) arising from the IBB Hotel Passau City Centre upon termination of the lease contract in April and recognised the right of use asset (and finance lease liability) arising from the inclusion of the new hotel in IBB Hotel Altmühltal Eichstätt. The net effect which is forecast to result from the lease modifications as a result of the lease concessions is forecast to lower right of use asset and lease liability by a projected amount of €0.6m. The summation of these entries will result in a forecasted lower right of use asset by €5.1m over the FY19.

The Group will carry out a re-assessment of the fair values of right of use assets for the hotels, in line with the revised standard for COVID-19 impact as at 31 December 2020. In line with the Group's accounting policy the carrying amount of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

The reductions in the long-term loans and receivables of €2.4m are mainly due to the repayment of loan principal and interest of €0.9m due from the Luxembourg based holding company as well as reduction of third party receivables at the level of the Polish subsidiaries.

The significant reduction of €23.6m in investment in associates is in line with the dividend distribution made through the associate BTI in H1 2020, connected to the sale of the Bavaria Towers. The reduction of trade and other receivable amounting to €3.6m is due to repayment of loans to associates and other related parties. As a result of the cash generated through the settlement of loans receivables and receipt of the dividends, cash position of the Group is expected to improve by €18.8M in FY20.

Liabilities

The Group will experience in 2020 an overall reduction in the liabilities of €8.3m. Part of this is due to the repayment that the Group made in H1 of FY20 of loans from third parties, classified under borrowings. Additionally, there is an expected net decrease in the finance lease liability of €3.9m as a result of interest charged to the income statement less reversal of amounts expensed at standalone levels as well as the movements as mentioned in the right-of-use assets above. The anticipated reduction in short-term borrowings of €5.4m is due to the overall forecasted improvement of the cash position of the Group.

Equity

The movements in the equity section for FY20 are mainly made up of the forecast loss for this financial year, in addition to the movements in other comprehensive income, as further explained in the income statement above.

2.7 Group's Cash Flows Statement

Cash Flows Statement for the years ended 31 December	FY17A	FY18A	FY19A	FY20F
Cash flows from operating activities	**€000s**	**€000s**	**€000s**	**€000s**
Cash (used in) / from operations	(1,045)	(1,190)	1,903	2,789
Movement in inventories	(53)	24	11	-
Movement in trade and other receivables	(877)	(6,479)	(94)	1,595
Movement in trade and other payables	1,765	23	1,011	2,050
Movement in provisions	16	-	-	-
Interest paid (previously shown under financing activities)	(2,401)	(2,396)	(2,140)	(2,207)
Taxes paid	140	(52)	(131)	32
Net Cash (used in) / generated from operating activities	**(2,455)**	**(10,070)**	**560**	**4,259**
Cash flows used in investing activities				
Dividends received from associate	-	-	-	23,627
Purchase of associate	(25)	-	(9)	-
Purchase of other financial assets	(116)	-	(15)	(679)
Purchase of intangible assets	(89)	(163)	(54)	(247)
Purchase of property, plant & equipment	(5,539)	(3,700)	(796)	-
Purchase of investment property	-	(651)	(448)	(1,500)
Proceeds from sale of property, plant & equipment	11	773	5,694	-
Proceeds from sale of investments & Intangibles	-	-	825	-
Net movement in loans to parent company	(10,097)	1,753	1,072	924
Net movement in loans to associates / related parties	(1,795)	7,373	2,610	3,187
Net movement in amount due to ultimate beneficial owner/directors	(4)	(51)	34	(51)
Net movement in loans to third parties	(2,740)	54	696	314
Interest received	1,429	1,569	73	410
Net Cash generated from / (used in) investing activities	**(18,965)**	**6,957**	**9,682**	**25,985**
Cash flows from financing activities				
Net movement in loans from parent companies	2,840	(867)	(1,584)	(313)
Net movement in related party borrowings	(3,951)	(367)	2,051	(3,511)
Net movement in loans from ultimate beneficial owner	(522)	1,539	5	193
Net movement in bank borrowings	3,147	2,440	(1,532)	(694)
Net movement in third party borrowings	(132)	(2,003)	(2,010)	(2,922)
Payment of principal portion of finance lease	-	-	(4,600)	(3,667)
Other borrowings	(757)	(349)	141	316
Issuance of bonds	24,774	-	-	-
Net cash generated from / (used in) financing activities	**25,399**	**393**	**(7,529)**	**(10,598)**
Effect of changes in foreign exchange	(15)	(384)	(198)	(832)
Net movement in cash flows	**3,964**	**(3,104)**	**2,515**	**18,814**
Cash and cash equivalents at beg of year	2,943	6,907	3,803	6,318
Cash and cash equivalents at end of year	6,907	3,803	6,318	25,132

Ratio Analysis	FY17A	FY18A	FY19A	FY20F
Cash Flow				
Free Cash Flow (Net cash from operations - Capex)	€(7,994)	€(14,421)	€(684)	€2,759

The Group recorded a favourable cash position of €6.3m as of 31st December 2019, an increase of 66.1% from FY18, which stood at €3.8m. The Group reported €0.5m in cash generated from operating activities. In view of the sale of the Paradis Blau Hotel in Spain, coupled with the recovery of loans granted by the Group, cash generated from investing activities amounted to €9.7m. Additionally, the Group utilised €7.5m in reducing its financial debt, which resulted in a positive cash flows movement of €2.5m during FY19.

As noted earlier the Group's cash flow position was better than that forecasted last year. Variances in working capital and cash flows from operating activities set off each other. The sale of the Hotel Paradis Blau in Menorca was not previously forecasted, neither the earlier recovery of loans granted by the Group. Based on the aforementioned positive performance in investing activities, the Group utilised higher than expected cash to settle part of its financial debt.

The sale of Blue Tower forming part of the Bavaria Towers resulted in a receipt of a dividend of €23m in H1 2020.

The Group is planning to continue its investment activities mainly focusing in the development of the project of Andersia Silver where €3m will be financed by the Issuer which will increase the loan payable of the Guarantor with the Issuer to some €4m (this loan is in line with the bond prospectus).

In addition to the investment of Andersia Silver, the Group has acquired a plot of 9,500sqm in Recevizi nearby Budva in Montenegro as mentioned above.

The Group is forecasting to have cash and cash equivalents as at the end of the FY20 close to some €25m, closing the year end 2020 in a very strong cash position. This will allow the group to finance it pipeline of projects and investments that will continue sustaining the growth of the Group, mitigate any prolonged negative impacts of COVID-19 on the Group's hotel business and generate sufficient future cash flows that will ensure the Group's ability to honour annual bond holders obligations and repayments of the bond in March 2024. Additionally, the Group has entered into a promise of sale agreement in relation to one of its other important properties that subject to a positive outcome will further improve the cash position of the Group as at FY20.

Part 3 - Key Market and Competitor Data

3.1 General Market Conditions

European Economic Update[4]

To counter the spread of COVID-19, major containment measures were introduced around the world, voluntarily shutting down large parts of the economy. A string of indicators suggests that the Eurozone economy has operated at around 25% to 30% below its capacity during the period of the strictest confinement.

Data for the first quarter confirmed initial estimates of a sizable economic impact despite confinement measures being introduced only around mid-March in most countries. GDP contracted by 3.6% in the Eurozone and by 3.2% in the EU. For the second quarter, all screened indicators suggest an acceleration of the contraction in economic activity with persisting differences across countries and industries. The main reason for that is a much longer period of 'lockdown' compared with the first quarter while the easing of containment measures as of early May has been only gradual. The GDP decline was forecasted to be particularly pronounced in the second quarter, at -13.5% q-o-q. Actual decline in the second quarter was later confirmed at 12.1% in the Eurozone and 11.9% in the EU.

In view of the consequences brought about by the COVID-19 pandemic, the EU economy will experience a deep recession this year. Based on the most recent forecasts issued by the European Commission, the Eurozone economy is expected to contract by 8.7% in 2020 and grow by 6.1% in 2021, while the European Union (EU) economy is forecasted to contract by 8.3% in 2020 and grow by 5.8% in 2021. Inflation in the EU, as measured by the Harmonised Index of Consumer Prices (HICP), is forecasted at 0.6% in 2020 and 1.3% in 2021.

In second half of the year and 2021, the European economy is expected to bounce back, but with bigger and more persistent differences across EU Member States than previously expected. Signs that economic activity has already passed the trough have been visible in May as the phasing out of restrictions was progressing. In June, indicators suggest that the economy has gained further momentum, providing a favourable starting point for a further pick-up in the third quarter.

The risks to the European Commission's forecasts are exceptionally high and mainly to the downside. The scale and duration of the pandemic, and of possibly necessary future lockdown measures, remain essentially unknown. The forecast assumes that lockdown measures will continue to ease and there will not be a 'second wave' of infections. There are considerable risks that the labour market could suffer more long-term scars than expected and that liquidity difficulties could turn into solvency problems for many companies. There are risks to the stability of financial markets and a danger that Member States may fail to sufficiently coordinate national policy responses. Although there are also upside risks, such as an early availability of a vaccine against the COVID-19. Additionally, European leaders have agreed on a significant €750 billion stimulus package to rebuild EU economies ravaged by the COVID-19 crisis. This is on top of a new EU budget of nearly €1.1 trillion for 2021-2027.

[4] European Economic Forecast – Summer 2020;

European Tourism Update[5]

The impact of the global health crisis is becoming clear with European tourism growth expected to remain below 2019 levels until 2023. During the first four months of the year, Europe saw a dramatic 44% decline in international tourist arrivals compared to the same period in 2019, a decrease in line with global performance. Tourism jobs losses in Europe in 2020 could be monumental, ranging between 14.2m to 29.5m. Uncertainty still dominates and the duration of pandemic restrictions will be key to determine the losses in the sector.

Ahead of the summer season, tourism businesses are resuming activities and destinations across Europe are gradually re-opening their borders, establishing travel bubbles/blocks and boosting domestic and intra-European travel. The pace of recovery by destination will vary and will depend on the extent to which they rely on international source markets and the revival of consumer confidence.

Europe's recovery has commenced as a result of government restrictions easing in some countries and hotels starting to reopen. For the week ending 14 June, actual reported occupancy for open hotels increased to 21%, up from 16% for the week ending 31 May, with occupancy including those hotels temporarily closed being at 9% (up from 5% for the week ending 31 May). Recovery for European hotels is anticipated to show further increases from the beginning of July due to most European countries easing government restrictions. Recovery is expected to be led by regional/leisure destinations, with large cities lagging and dragging down the recovery. This can be seen as at 13 June, with the top five markets for actual occupancy being Italy NW, Baltic Coast, Tricity, Occitanie and Germany East. The bottom five markets are Lisbon, Northern Portugal, Paris, Brussels and Amsterdam.

The silver lining of the pandemic has been widely discussed, with tourism experts finding common ground regarding commitment to sustainability. It has become imperative to build a sector that is more resilient, competitive, and prepared for future crises, supported by tourism strategies that are more respectful with the environment and local economies and communities.

European Real Estate Update[6]

As further described above, a substantial number of EU countries have shut down borders and the ECB has responded by announcing a €750 billion government bond acquisition programme in addition to its €120 billion asset purchase program to stimulate domestic demand. Subsequently, the ECB announced that it increased its pandemic emergency purchase programme by another €600 billion, taking the total to €1.35 trillion. This stimulus was further substantiated by the individual governments, where each country issued its own financial package stimulus. Subsequently, in July, EU leaders agreed on a €1.8 trillion rescue package for member states worst impacted by the pandemic. The package includes a €750-billion fund to be sent as loans and grants, as well as a seven-year €1 trillion EU budget.

A number of European governments have also introduced commercial tenant protection measures, including business rates/property tax suspensions, and safeguarding from eviction for circa three month periods. Tenants and landlords are increasingly working together to find short-term solutions including suspending service charge payments/reducing concierge services for buildings in operation. Some lenders are also

[5] European Tourism – Trends & Prospects Q2/2020 & Savills: Savills UK & European hotel insights Vol 7;
[6] https://www.savills.com/insight-and-opinion/#Research: Covid-19: Impact on European Real Estate Vol 5.

offering their existing landlord clients loan repayment holidays.

Going into 2020, European average office vacancy rates stood at 5.4%, the lowest rate on record, with core markets including Paris and Berlin hovering just above 1%. Following the COVID-19 outbreak, development activity has been much more restrained due to a contraction of lending to new schemes. Tenants in conventional office leases are likely to re-gear, given few city centre alternatives with record-low vacancy rates and delays to the delivery of new space. Based on this, Savills expects the rental growth story to be likely delayed by 6–12 months. Early data for Germany shows a 25% fall in leasing activity during Q1 2020 on a comparative basis, although the vacancy rate has remained stable at 3.1% on average over the quarter.

However, some business failures and/or subletting activity could see some new space return to the market. The Euro Area Services Purchasing Managing Index (PMI) plunged to a record low of 28.4 in March 2020, below market expectations of 39, although this was dragged down by the more consumer-facing industries including leisure and tourism. Focus has now shifted to the financial health of tenants and it is expected that there will be an increase in the proportion of landlords asking for monthly rental payments to smooth out operational cash flow.

Capital Economics forecast average European city office rental growth to fall by 0.6% across the major European markets during 2020, against the previous set of forecasts released during Q4 2019 indicating 3.8% growth. However, based on a five-year forecast, European office rental forecasts appear relatively unmoved, falling by -0.1% pa on the previous quarter to 1.8% pa by 2024. This is largely indicated by a bounce back in office rents during 2021 as businesses resume occupational activity.

Malta[7]

In July, the Central Bank of Malta’s Business Conditions’ Index (BCI) improved slightly when compared with the previous month, suggesting that economic conditions may have reached their trough. However, it remained significantly below its long-term average. The European Commission’s Economic Sentiment Indicator (ESI) rose, but remained well below the level recorded before the onset of COVID-19. The increase in sentiment largely reflects improved confidence in the services sector and in industry. Sentiment also improved in the construction sector and among consumers but reached a new historical low among retailers. The below average reading for the overall ESI mainly reflects weaker than usual sentiment in services and industry. In all other sectors, sentiment is either above or only marginally below the long-term average.

Latest data suggest that the Maltese economy is likely to have recorded an unprecedented contraction in the second quarter of 2020, though there are signs of some stabilisation in the third quarter. Nevertheless, the Central Bank of Malta (CBM) expects Malta’s Gross Domestic Product (GDP) to contract by 6.6% in 2020. Subsequently it should grow by around 6.1% and 4.2% in the following two years. While this projection is significantly better than that for other euro area countries, Malta’s level of economic activity is expected to be around 7% lower in 2022 compared to the projections that had been made prior to the outbreak of COVID-19. In fact, it will take until mid-2022 for Malta’s GDP to return to its 2019 level. Compared with the CBM’s previous projections, GDP growth has been revised downwards in 2020, due to weaker tourism exports that offset a stronger positive impulse from fiscal measures that were announced in June. In total, Government fiscal and liquidity measures are estimated to boost GDP by 3 percentage points, reducing the decline in GDP by a third.

[7] Central Bank of Malta – Economic Update 8/2020 and Economic Projections 2020 – 2022 (2020:3)

Given the persistent uncertainty surrounding the pandemic, particularly in respect of timelines for the availability of a vaccine, the CBM has also published a more severe scenario in which health protocols in Malta and overseas would have to be enhanced and extended to contain the spread of the virus. In such a scenario, the contraction in GDP could reach 9.3% this year. GDP growth should then rebound to 5.5% and 3.7%, respectively, in 2021 and 2022. In this case, the level of GDP would remain below 2019 levels by the end of 2022. Moreover, the unemployment rate would rise further, and inflation would be slightly weaker. In addition, the government deficit would reach 11.3% in 2020 before narrowing to 5.4% in the following two years, while the government debt-to-GDP ratio would rise to 66.0% by the end of 2022.

Other European Countries where the Group conducts business[8]

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).

Economic growth exceeded 4% in 2019, mainly due to a robust performance of domestic demand. However, following the COVID-19 outbreak and its containment measures, real GDP is forecasted to decline by 4.5% in 2020, before growing again by around 4.25% in 2021. Despite the government measures put in place, private consumption is likely to suffer in 2020 as consumers accumulate precautionary savings and withhold spending due to social distancing and high uncertainty. Coupled with supply chain disruptions and a fall in orders in March and April, low business confidence will likely have an impact on investment, which is projected to plunge in the second quarter and to recover only partially over the forecast horizon.

Germany

The largest economy in Europe grew at a marginal rate of 0.6% in 2019. In early 2020, German manufacturing had shown signs of recovery, but the pandemic and the confinement measures in March ended this.

Over the course of March, the COVID-19 pandemic reached Germany and the imposition of confinement measures paralysed numerous activities, particularly in the services sector. In addition, manufacturing increasingly felt the disruption of value chains and a demand slump in key markets.

Despite weaker-than-expected growth in the first quarter and a deterioration in the external outlook, real GDP is forecast to decline in 2020 largely in line with the spring forecast by 6.25%. The massive fiscal stimulus is expected to boost demand, provide needed liquidity support and avert a surge in unemployment. It is therefore expected to pave the way for a relatively swift recovery, starting in the second half of this year. GDP is expected to grow by 5.25% in 2021.

[8] European Economic Forecast – Spring 2020

Spain

The Spanish economy was on a moderating growth path before the outbreak of the COVID-19 pandemic. GDP growth stood at 2.0% in 2019, and the previous European Economic 2020 winter forecast projected it to slow down to 1.6% this year.

However, the severe outbreak of the COVID-19 pandemic in Spain and the confinement measures taken in response since mid-March have resulted in an unprecedented contraction of activity in the first half of the year, with the service sector being the most affected.

The economic impact of the confinement in the first half of 2020 looks likely to turn out worse than expected in the spring forecast. This will not be fully offset by the rebound expected in the second half of 2020 as most restrictions to activity are lifted. As a consequence, annual GDP in 2020 is now forecasted at almost -11%. Activity should continue recovering during the first half of 2021 and then moderate gradually in the second half. This, together with a strong positive carryover from the last quarters of 2020, would bring annual GDP growth to about 7% in 2021.

Portugal

Portugal's economy had been performing strongly up until the end of February 2020. Economic activity in Portugal reversed sharply in March as the COVID-19 pandemic brought significant disruptions, particularly to the country's large hospitality industry. Consequently, GDP fell by 3.8% quarter-on-quarter and 2.3% year-on-year in 2020-Q1 despite very positive data in the first two months of the year. Economic performance is expected to deteriorate at a much steeper pace of about 14% (quarter-on-quarter) in 2020-Q2 reflecting dramatic contractions in most of economic indicators. Tourism has been the most dramatically affected, with visits collapsing by almost 100% in April relative to a year earlier.

With the confinement starting to ease in May, economic activity is slowly picking up but for many businesses, such as airlines and hotels, it is expected to remain well below its pre-pandemic level over a longer period. GDP is thus projected to drop by around 9.75% in 2020 before rebounding by about 6% in 2021. The risks are still tilted to the downside due to the large impact of foreign tourism, where the uncertainties over the medium term remain significant.

Ukraine[9]

Ukraine's economic outlook was stable prior to the outbreak of COVID-19, with steady growth, moderate public debt and relative price and currency stability. However, a change of government in early March entailed a degree of political turmoil and reorganisation that may have slowed the initial response.

The instability caused by the government reshuffle was further aggregated by this outbreak. The Government is projecting a 4.8% drop in GDP due to the pandemic. However, other sources estimate that the impact from this outbreak could be even larger with GDP contracting by 7.7% in 2020.

Nevertheless, people are now gradually returning back to normality, including shopping, visiting restaurants and outdoor leisure activities, in view of improved weather conditions. As reported by Cushman & Wakefield, in many regional cities of Ukraine the footfall in the most popular shopping centres, upon reopening of their retail galleries from 11 May, reached up to 80% of the pre-quarantine levels, while the conversion rate

[9] https://www.oecd.org/eurasia/competitiveness-programme/eastern-partners/COVID-19-CRISIS-IN-UKRAINE.pdf and https://www.cushmanwakefield.com/en/insights/covid-19/covid-19-impacts-ukraine-real-estate

(buyers-to-shoppers ratio) improved compared to the same period in 2019. The restaurants without delivery and take-away services are known to demonstrate largely modest performance, as their indoor seating areas remain prohibited.

In view of recent relaxation of lockdown restrictions and resumption of the municipal public transport, more business returned to work from 1 June. Although this started to boost economic activity, many companies (including major IT firms) continue to apply a work-from-home policy and increasingly consider desk-sharing combined with a remote work option when planning their further office operations.

Montenegro

Montenegro's economy is highly dependent on travel and tourism, where this accounts for some of 25% of the Country's GDP. Consequently, due to the negative effects of the COVID-19 outbreak, the economy is set to contract substantially in 2020.

As per the European Economic Forecast – Spring 2020, which assumes the tourism shock to last into the second quarter of 2020, followed by a very modest recovery in the third quarter, it is expected that the economy will contract by 5.9% in 2020 and to rebound by 4.4% in 2021.

Tourism recovery is expected to be led by domestic tourists and travellers from neighbouring countries reaching Montenegro's coastal resorts by road once the movement restrictions end. Air connections would need more time to be re-established, while cruise ship tours might suffer an even longer-term damage. A swift recovery of the economy in 2021, while possible, is subject to very substantial uncertainties. The main risk for this scenario would be a revitalisation of the virus and delays to obtain a vaccine before the next tourism season.

Italy

Amid signs in early 2020 that its economy was on the mend, Italy was struck particularly forcefully by the coronavirus pandemic. According to the national statistical office, Istat, real GDP fell by 5.3% in the first quarter of 2020, led by sizeable declines in investment and exports. The stringent lock-down measures imposed by the Italian government in March, including production shutdowns, mean that the damage to economic activity is expected to be even greater in the second quarter.

High-frequency indicators suggest that the economy began to recover from the output trough inflicted by the COVID-19 pandemic as soon as the associated containment measures started to ease in May. In the absence of a second wave of infections, economic activity is set to start bouncing back in the third quarter of this year, helped by substantial policy support. While industrial production is likely to pick up pace more quickly, tourism and many other consumer-related services are set to recover more gradually, thus dampening the rebound in demand.

Output losses in the first two quarters are likely to be larger than assumed in spring, with real GDP forecast to fall by 11.25% this year. In 2021, the expansion will shift from a technical rebound to a more genuine recovery. In addition, the quarterly profile over 2020 implies a substantial carry-over effect, contributing sizeably to annual average output growth of 6% in 2021. However, real GDP is not expected to return to its 2019 level by the end of 2021.

3.2 Comparative Analysis

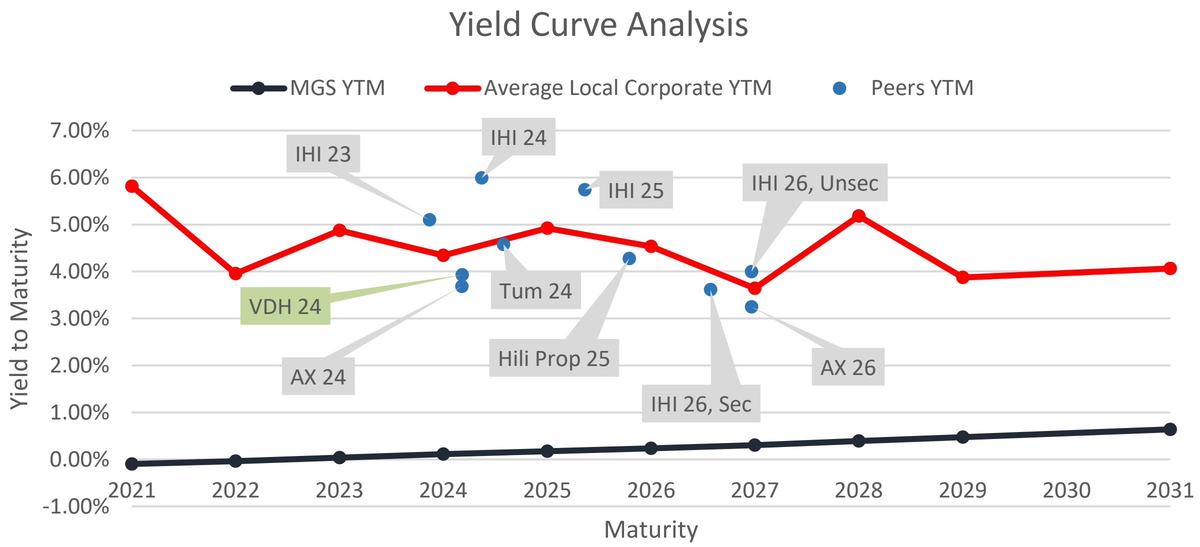
The purpose of the table below compares the proposed debt issuance of the Group to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)	Last Closing Price *
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)	
5.8% International Hotel Investments plc 2021	20,000	5.77%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	100.00
5.8% International Hotel Investments plc 2023	10,000	5.10%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	102.00
6% AX Investments Plc € 2024	40,000	3.68%	5.5x	342.4	226.1	34.0%	18.9%	3.2x	0.9x	2.2%	9.4%	-8.1%	107.50
4.4% Von der Heyden Group Finance plc Unsecured € 2024	25,000	3.93%	1.1x	147.8	44.3	70.1%	66.4%	36.6x	0.7x	-4.9%	-8.5%	8.6%	101.50
6% International Hotel Investments plc € 2024	35,000	5.99%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	100.00
5% Tumas Investments plc Unsecured € 2024	25,000	4.57%	23.0x	266.9	154.5	42.1%	16.4%	0.5x	3.2x	37.3%	36.1%	128.6%	101.51
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.74%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	100.00
4.5% Hili Properties plc Unsecured € 2025	37,000	4.28%	1.8x	150.5	57.6	61.7%	57.7%	12.7x	1.1x	9.9%	62.4%	20.0%	101.00
4% International Hotel Investments plc Secured € 2026	55,000	3.62%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	102.00
4% International Hotel Investments plc Unsecured € 2026	60,000	4.00%	3.0x	1,687.2	897.1	46.8%	37.3%	7.7x	1.1x	0.6%	1.9%	4.7%	100.00
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.25%	5.5x	342.4	226.1	34.0%	18.9%	3.2x	0.9x	2.2%	9.4%	-8.1%	100.00
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.49%	0.4x	62.2	(.6)	101.0%	101.9%	82.9x	1.0x	236.9%	-15.9%	0.0%	101.49
4.35% SD Finance plc Unsecured € 2027	65,000	4.35%	6.8x	324.4	137.6	57.6%	43.3%	4.1x	1.4x	9.0%	20.5%	5.7%	99.97
3.75% Tumas Investments plc Unsecured € 2027	25,000	3.66%	9.1x	244.6	131.5	46.2%	16.5%	1.0x	2.2x	8.6%	20.6%	-52.6%	100.50
4% Stivala Group Finance plc Secured € 2027	45,000	4.00%	4.0x	225.3	123.1	45.4%	40.6%	7.4x	0.7x	5.0%	26.0%	19.5%	100.00
3.85% Hili Finance Company plc Unsecured € 2028	40,000	4.15%	5.0x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	23.0%	4.6%	14.8%	97.99
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.45%	4.0x	225.3	123.1	45.4%	40.6%	7.4x	0.7x	5.0%	26.0%	19.5%	101.50
3.8% Hili Finance Company plc Unsecured € 2029	80,000	3.93%	5.0x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	23.0%	4.6%	14.8%	99.00
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	5.5x	342.4	226.1	34.0%	18.9%	3.2x	0.9x	2.2%	9.4%	-8.1%	100.00
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.06%	0.4x	62.2	(.6)	101.0%	101.9%	82.9x	1.0x	236.9%	-15.9%	0.0%	101.56
Average**		**4.26%**	**5.0x**	**735.2**	**368.8**	**55.2%**	**44.9%**	**14.0x**	**1.2x**	**31.8%**	**11.0%**	**9.2%**	

Source: Latest available audited financial statements

* Last price as at 27/08/2020

** Average figures do not capture the financial Analysis of the Group



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Workings

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted.

The graph plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of comparable issuers having a maturity between 3-6 years respectively (Peers YTM).

As can be witnessed in the comparative analysis, the Group's leverage is above the average of its comparable issuers on the Malta Stock Exchange at a gearing (net debt / net debt and total equity) of 66.4% compared to an average of 44.9% for the industry, with the total liabilities / total assets gearing standing at 70.1%, (average: 55.2%).

As at 27 August 2020, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 3-6 years was 431 basis points. The 4.4% VDH bond 2024 bond is currently trading at a YTM of 3.93%, meaning a spread of 382 basis points over the equivalent MGS. This means that this bond is trading at a discount of 49 basis points in comparison to its peers.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common Equity (ROE) measures the rate of return on the shareholders' Equity of the owners of issued share capital, computed by dividing the net income by the average common Equity (average Equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by the average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
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 Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.

Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity 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 current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio Gearing Ratio Level 1 Gearing Ratio Level 2	The gearing ratio indicates the relative proportion of shareholders' Equity and debt used to finance total assets. Is calculated by dividing Net Debt by Net Debt and Total Equity. Is calculated by dividing Total Liabilities by Total Assets.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
Occupancy Level	The occupancy level is expressed as a percentage and indicates the number of rooms occupied to the total number of available rooms in a given time period.